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# Latin America Report

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9 August 1985

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INTER-AMERICAN AFFAIRS

BETANCUR-LUSINCHI JOINT DECLARATION

PA192210 Bogota EL TIEMPO in Spanish 15 Jun 85 p 8 A

[Joint declaration signed by President Belisario Betancur and Venezuelan President Jaime Lusinchi on 13 June in Arauca--all quotation marks as published]

[Text] "They viewed with great satisfaction the aspects of agreement in their analyses and views on international problems and their consequences in various countries in Latin America, politically as well as economically. They voiced concern about continuous threats to peace and security in the world brought about by tensions existing in different areas of the globe and a lack of frank and broad dialogue between the parties involved. Regarding this, they urged the creation of an atmosphere for detente which will lead to a dialogue on the gradual limitation of nuclear and conventional arms, to achieve in the end a general and complete disarmament, under efficient international control, that will allow the generation of additional resources to benefit the economic and social development of the peoples, particularly in developing countries.

Recalling that 1985 marks the 40th anniversary of the United Nations and the 25th anniversary of the historical declaration granting independence to colonial countries and peoples, they reiterated their faith in the organizations and institutions within the system, as well as in the objectives and principles that inspired their creation. Regarding this, they agreed on the need to promote measures and actions leading to international peace and security, disarmament, economic and social development, and total elimination of facism, "apartheid," and the residue of colonialism.

They expressed satisfaction for the convocation of the OAS General Assembly to special sessions, which will take place in Cartagena in December, to discuss the restructuring and updating of the inter-American system to ensure that it will respond dynamically and effectively to the region's needs.

They renewed their firm support for the promotion and respect of human rights and fundamental individual rights, as well as their support for international mechanisms tasked with protecting and safeguarding those rights.

They voiced satisfaction with the strengthening of the continent's democratic system; they reaffirmed their faith in the ethical and political values of a democratic society and reiterated their conviction that man can fulfill himself completely only within the framework of a political system offering broad participation and a social and economic order based on justice and equity. In addition, they expressed the hope that the democratization process will soon spread to the entire continent.

They declared satisfaction with the permanent support and interest of the international community for the Contadora Group's efforts, as reflected in declarations of governments and resolutions and decisions of organizations and international forums that demonstrate, in this way, their active solidarity with the efforts of the group. In this vein, they expressed appreciation at the granting of the Simon Bolivar Award by UNESCO to the Contadora Group; they reaffirm their determination to preserve in their efforts, which were conceived as a commitment to the regional and international community to contribute to the achievement of world peace and the region's welfare.

They reiterated the call for the Contadora Group to remove the Central American conflict from the sphere of the East-West confrontation and the need to eliminate foreign factors that make the solution to the conflict more difficult and tend to include it within that framework that is alien to the authentic problems of Central America. They noted the urgency of greater political determination leading to reciprocal agreement, regional detente, and the reestablishment of confidence, which are essential factors to achieve the final objective of the Contadora process. The group's main objective is to help find a negotiated political solution, originating from Central American countries themselves, including the establishment of mechanisms to consolidate peace and contribute, through national reconciliation processes, to the creation of a society in which liberty, democracy, pluralism, participation, and justice prevail; a society in which the self-determination of the peoples and the essential rights of men are guaranteed.

They expressed great concern over the reemergence of border incidents in Central America which, together with political incidents and the U.S. trade embargo against Nicaragua, worsen tension in the area and disrupt the Contadora Group's peace process. In this regard, they point to the need for the immediate initiation of work by the investigating commission established by a resolution of the OAS Permanent Council, which was unanimously approved during a special session on 7 June, that reiterates the solemn commitment of member states of the organization to contribute to the consolidation of the peace process carried out by the Contadora Group in the Central American region.

They issued a special and urgent call to the states with interests and links in the region to promote the continuation of dialogue and the opening to understanding with a view to restoring the area countries' faith in one another. They stressed that strict adherence to the principle of nonintervention in the domestic affairs of states is an essential condition to peace and prosperity in Central America.

They expressed concern over the structural imbalance in current international economic relations, which have a particularly negative affect on developing

countries' economies and often harm their political stability and prosperity. They agreed to continue promoting the developing countries' efforts to unite and consolidate their negotiating power and reaffirmed their support for North-South cooperation, geared toward the establishment of strategies that will contribute to the restructuring of international economic relations.

They expressed deep concern over the region's current debt situation, stressing that the developing countries are disproportionately burdened with economic adjustments that seriously impair their capacity to advance stable and orderly processes in economic and social development.

They reaffirmed their support for the Andean Pact's letter of proposals to the Bonn economic summit, particularly on the urgent need to make political decisions in light of the debt problem, thus expanding the scope to include considerations of the debtor countries' basic requirements for economic development and progress. In that context, they praised various results of the Bonn economic summit, particularly the reactions of the West German chancellor and the Japanese prime minister to the Andean Pact's proposals. They also demanded an urgent search by debtor and creditor countries for political actions to achieve permanent solutions that will allow the healthy and normal development of the Latin American economies without obstructing the area's democratic processes.

They reaffirmed their support for SELA, the region's principal economic coordination and cooperation organization, on the 10th anniversary of its founding, and agreed to cooperate actively in strengthening it.

They underscored the importance of the region's current integration systems and the need for those systems to overcome their current obstacles. In that context, they expressed their commitment to work closely on the revision of the Cartagena consensus, Decision 24, and other instruments to adapt them to the current situation and the region's economic and social development needs while preserving their basic principles.

They agreed that the international oil situation is currently precarious and that it will be possible to preserve the price stability of oil and oil by-products, on which their peoples economic well-being and development are largely dependent, only if the producing countries, those which are and are not OPEC members, to take combined actions toward that end. They agreed to create a bilateral commission that will include representatives of the two countries' oil ministries and state oil companies to step up technological cooperation and training of personnel in oil-related activities.

They reaffirmed their belief that culture plays a pivotal role in the two countries' development processes because it strengthens national independence and identity. In that context, they expressed satisfaction over the signing on this date of a basic cultural cooperation agreement by the two countries.

They expressed satisfaction over the progress of the scientific and technological cooperation agreement in effect between Colciencias [expansion unknown], which was signed in Caracas in 1984. They were pleased to confirm

that Colombia and Venezuela are making valuable artistic exchanges, like the recent visit to Colombia of the Venezuelan Youth Symphony Orchestra and the upcoming appearances of Colombian cultural groups in Caracas in July 1985. They agreed that culture is an essential aspect of the integration process and reaffirmed their support for the region's existing cultural and educational integration mechanisms.

They ratified what was agreed to in Point 8, particularly in Paragraph "D," of the Colombian-Venezuelan Joint Communique of 23 July 1976, which states: "To carry out the necessary actions through a joint commission for the harmonious development of the hydrographic basins between Colombia and Venezuela, along the Rivers Zulia-Catatumbo, Meta, Arauca and the Orinoco high basin." For this purpose they agreed that the joint commission should hold a meeting on a date decided by the respective foreign ministries.

They decided that the agreement reached between the two governments and the OAS General Secretariat on 5 August 1982, by which both governments agreed to the OAS General Secretariat's drafting a work program to carry out the first phase of the preservation and general exploitation of the hydraulic resources of the Catatumbo River basin, should be implemented as soon as possible.

Interested in resuming the activities of the binational work team established in the Arauca Declaration of 23 July 1976 to study and implement work to restore and preserve the Arauca River throughout its international course, they agreed to continue and intensify the activities of this team, and for this purpose they agreed to hold a meeting as soon as possible, the place and date to be decided by both governments.

Concurring with the thoughts expressed by the liberator as set forth in the Chuquisaca Decree of 19 December 1925, they agreed to appoint a binational work team to study the following points:

- a. The general guidelines of a reforestation policy in the basins of common interest;
- b. The identification, following the respective technical and financial studies, of areas of major interest for the development of forestal plantations for industrial and commercial exploitation;
- c. The creation of a joint enterprise to exploit forestry resources of both countries, the possibility of which will be determined by the necessary financial and economic studies.

Based on the recommendations of the binational work team, the governments will decide the appropriateness of establishing joint guidelines in matters of industrial exploitation, marketing, and domestic and foreign commercial integration of forestry products. The recommendations of the binational work team will be submitted for both governments' consideration within a year, beginning from the signing of the present declaration.



They stressed the importance of the commercial exchange agreement signed on this occasion, the objective of which is to reactivate, balance, and promote commercial efforts according to the Andean subregional integration process in a manner compatible with the two countries' economic policies.

They reiterated the agreement of the presidents of Colombia and Venezuela in their 23 July 1976 Joint Declaration "to make efforts necessary for the demarcation according to existing treaties and the reconstruction and expansion of landmarks along the border." In view of this they agreed that the foreign ministers of Colombia and Venezuela will establish as soon as possible the norms to resume the demarcation and installation of landmarks along the border, according to the principles and respective legal instruments that regulate its demarcation.

They expressed their satisfaction with the progress made by the technical commissions in the sector of electrical inter-connection in Guajira Department, Colombia, and Zulia State, Venezuela, and they agreed to promote a joint work program that will include technical feasibility studies, analysis of electric systems, and evaluation and costs studies. They also gave the instructions necessary to sign as soon as possible the contract for the supply of electricity to Arauquita municipality, Arauca national intendency, by the Electrical Administration and Development Corporation of Venezuela.

They reiterated both countries' interest in developing the Zulia-Urena agro-industrial complex and Andean multinational enterprise to benefit the border region. For this purpose they urged the parties involved to decide on the need to sign a new purchase-sale sugar contract, maintaining the price conditions established in the existing contracts; to establish the size and characteristics of the plant, the installations plans, and source of funds; to decide on the date to invest the capital which is still pending, according to the plan already established; to obtain the approval of credits from the Export Promotion Fund [Proexpo] and the Andean Development Corporation [CAF] and the Industrial Development Institute guarantee to Proexpo and the Venezuelan entity chosen to sponsor CAF; and to speed up the studies and reach decisions that will permit the setting up and execution of the project to be carried out soon.

They agreed to take measures, according to their respective laws, for issuing transient business visas to facilitate the entry and exit of persons interested in commercial, industrial, business, or financial activities in either of the two countries.

They expressed their satisfaction with the signing of the agreement on international road transportation. This agreement will promote the development of bilateral commercial exchanges and contribute effectively to the objective of Andean integration and especially to what is envisaged in Decision 56.

They acknowledged the importance of tourism to promote the economic integration and development of the two countries and stated their intention to adopt measures aimed at increasing tourism through coordinated and joint efforts by national authorities. This work will be done by a commission to be created for this purpose.

In considering the grave problem of the illegal trafficking of drugs and narcotics, they reiterated the postulates of the Quito Declaration against drug trafficking and expressed their support for the efforts being made to eradicate this serious problem that affects mankind, represents a factor of dependency for the developing nations, makes economic integration difficult, affects the security of states, and endangers democratic regimes.

They agreed to initiate negotiations aimed at signing a bilateral treaty on extradition. This treaty should deal with crimes related to the illegal trafficking of drugs and narcotics and other substances not included in the agreement on extradition signed in Caracas in 1911. It should complement the agreement on the prevention, control, and suppression of the illegal traffick of drugs and narcotics signed in 1978 for the purpose of exerting more strict control over the substances and chemical products essential for producing narcotics and of creating mechanisms for the exchange of information on the commercial transportation of such products and on the vehicles used for this type of activity.

They stated that it is necessary to strengthen government efforts to fight this problem, and for this purpose it is necessary to hold talks on the possibility of carrying out sentences passed in either of the two countries. They also agreed, regarding mutual legal assistance, to utilize systems envisaged in inter-American agreements for receiving evidence abroad and regarding letters of exhortation and their protocols. Because of the interest in developing reciprocal cooperation to repress crimes involving motor vehicles, they noted their decision to sign a bilateral agreement that, in line with the legal framework of each state, will make possible the recovery of those vehicles and their return to their legitimate owners.

They agreed to establish a joint commission that, in line with the best spirit of cooperation, will propose joint actions to be carried out by suitable organizations for the purpose of facing efficiently the need for security measures in some border areas of the two countries, as well as to deal with incidents that occasionally occur in those areas. The commission will have the necessary element for its task and will be organized sufficiently to deal with all aspects of the problem.

In reiterating the goals that move the two governments to maintain efforts to resolve justly and equitably matters related to the delimitation of marine and submarine waters, the two presidents renewed their special interest in assuring the success of negotiations. For this purpose they decided to begin studying what should be the modus operandi of these negotiations.

The two presidents noted the need to intensify the participation of their countries in the preparations for the celebration in 1992 of the 500th anniversary of the discovery of America, which brought about the encounter between American and European cultures.

The two heads of state concluded their meeting by reaffirming the fraternal relations that unite Colombia and Venezuela and by reiterating their will to strengthen ties of solidary, equitable, and mutually beneficial cooperation that will contribute to the growing consolidation of the traditional ties that have existed throughout the history of the two countries.

INTER-AMERICAN AFFAIRS

BARBADOS, OECS EYE JOINT AIR SERVICES PACT WITH UK

Bridgetown DAILY NATION in English 4 Jul 85 p 3

[Text]

BARBADOS AND THE ORGANISATION OF EAST CARIBBEAN STATES (OECS) are negotiating to come together and enter air service agreements with Britain as one body.

A confidential source said yesterday that the common bond between Barbados and the OECS was that they were all tourist economies. If they came together as one block they could talk about routes within the Caribbean, the same way as they talked about routes within Britain.

He said that Barbados had put this position to the OECS and it looked as though it could be developed, except that Mr. Vere Bird, Prime Minister of Antigua, was not very enthusiastic about the idea.

Antigua recently signed an air service agreement with British Airways that brought some criticism from BWIA, the na-

tional carrier of Trinidad and Tobago, which was also hoping to be designated as the carrier on that route for Antigua.

The source quoted Mr. Bird as saying that Antigua had been trying to get Trinidad for years to take up the route.

BWIA, he said, wanted everyone on the Caribbean to designate it as the regional airline but if they had a proper arrangement with BWIA in terms of Britain and or Europe they would have to be a joint designation with Caribbean Airways and BWIA.

He added that if the OECS and Barbados got together the concept of Fifth Freedom rights would not apply because the countries would be as one. Unless we did it that way, he added, Britain could always continue to hold out.

The Fifth Freedom rights allow a carrier to stop in another sovereign country, between its two ports of call, to pick up passengers.

The source said that for Trinidad, it was critical they get a proper air service agreement within the Caribbean, because they were losing TT\$142 million a year.

CSO: 3298/879

INTER-AMERICAN AFFAIRS

BARBADOS OFFICIAL CITES CARICOM WAGES PROBLEM IN TRINIDAD

Bridgetown DAILY NATION in English 4 Jul 85 p 3

[Text]

REGIONAL INSTITUTIONS would either have to move their bases from Trinidad and Tobago or the other member states would simply not pay the wage settlements.

According to a Barbadian official attending the CARICOM heads of government conference now being held at Marriott's Sam Lord's Castle, when anything was based in Trinidad, some wage settlements were reached which were totally unrelated to the capacity of the organisations to pay.

He was specifically referring to the Trinidad-based Caribbean Agricultural Research and Development Institute (CARDI) which is owed more than TT \$ 6 million by regional governments.

The effect of the last award for CARDI, he said, was that the support staff would be paid more than an assistant secretary in some places like Dominica.

There was, he added, a correlation between wage levels and foreign reserves because if the high wages acted as a stimulus

for imports, more money was put in people's hands to spend.

The money, he said, was spent on consumer durables which were imported, and these in turn put pressure on the foreign reserves. That was why wages were supposed to relate to productive capacity, he said.

If the foreign exchange was earned, the wage levels rose, and there were more imports, it did not really matter because the earnings of foreign exchange were increased. "But Trinidad cannot pay these high wage settlements," he said.

The Bank and General Workers Union of Trinidad sent a letter to the chairman of the CARICOM heads of government relating to the serious problems with which workers of CARDI are faced. The president general of the union, Mr. Michael Als, said that the leaders' meeting here had established CARDI and must undertake the obligation to ensure that this institution made its fullest contribution toward agricultural development.

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INTER-AMERICAN AFFAIRS

REMARKS BY DOMINICA'S CHARLES IRK JAMAICA'S PNP

Kingston THE DAILY GLEANER in English 4 Jul 85 p 3

[Text]

The People's National Party has congratulated Miss Eugenia Charles of Dominica on her success in Monday's election, but has expressed its concern at the comments she made last week about the internal affairs of Jamaica.

In a letter sent to the Dominican Prime Minister yesterday morning, the PNP said its concern was expressed in the context of the principle of non-interference in the political affairs of other countries and its belief in political pluralism.

The Party said that it was because of these two fundamental principles —sovereignty and territorial integrity —that its concern was not conveyed to Miss Charles before the elections so as to ensure that it did not appear to be guilty of any infringement of these two principles.

The letter which was signed on behalf of the Party's Executive by General Secretary, Dr. Paul Robertson, asserted that the problems facing Jamaica must and will be solved by Jamaicans without any external interference.

Dr. Robertson said the Party hoped its position would be appreciated within the context in which it was expressed.

In congratulating Miss Charles, Dr. Robertson told her that the P.N.P. hoped the people of Dominica would enjoy the maximum measure of progress and development, and wished the Prime Minister a successful new term of office.

CSO: 3298/879

INTER-AMERICAN AFFAIRS

HUGHES OUT AS CARIBBEAN PRESS COUNCIL EXECUTIVE SECRETARY

Bridgetown SUNDAY ADVOCATE in English 30 Jun 85 p 5

[Text]

Former Executive Secretary of the Caribbean Press Council, Grenadian Mr. Alistair Hughes, is unsure as to why he was called on to submit his resignation.

Speaking to the media in Barbados Wednesday during a one-day stopover in Barbados, Mr. Hughes said the first sign that the CPC was unhappy with his performance came in a letter dated last April 15, which he received from CPC chairman, Dr. Aubrey Fraser.

The letter said, in part: "...Your own work otherwise, and your increasing public engagements, have adversely affected the discharge of some of your responsibilities as Executive Secretary.

"I have been giving careful consideration to this and other matters and after consultation with some of our colleagues, I am constrained to ask whether you might wish to sever your connections with the CPC."

Earlier in the letter, Dr. Fraser had said that he was unhappy with the non-functioning of the National Press

Councils set up in a number of Caribbean islands. He further expressed concern that because of this state of affairs, funding for the operations of the CPC might be withdrawn by the Caribbean Publishers and Broadcasters Association (CPBA).

Dr. Fraser's letter continued: "Having regard to the background of our personal relationship and the friendship which we have shared for many years, it might, I think, be a happier sequence if you felt able, voluntarily, to create the vacancy; in which event, I would certainly invite you, if you cared, to suggest the names of two or three persons whose juniority in age, although not necessarily in experience, may qualify them for consideration as being suitably fit to succeed you."

Mr. Hughes said that because of the substance and tone of the letter he had no option but to offer his resignation, which became effective on June 1, from the position which he held since August 1979.

CSO: 3298/879

INTER-AMERICAN AFFAIRS

CARICOM TRADE WITH UK SHOWING IMPROVEMENT IN 1985

FL181400 Bridgetown CANA in English 2101 GMT 17 Jul 85

[By Irvine Reid]

[Text] Bridgetown, 17 Jul (CANA)--Exports from 11 of the 13 Caribbean Community (CARICOM) states during the first four months of this year rose 84.3 percent, according to the latest trade figures released by the British High Commission.

CARICOM nations, except Belize and Montserrat, sold Britain 175.1 million pounds sterling worth of goods, well above the 95 million pounds sold in the same period last year.

Imports from Britain were also up, moving from 101 million pounds last year to 140.6 million pounds this year, an increase of 39 percent.

Seven of the Caribbean countries--Dominica, Grenada, St Lucia, St Vincent and the Grenadines, Barbados, the Bahamas and Trinidad and Tobago--increased their exports. The others--Antigua and Barbuda, St Kitts and Nevis, Guyana and Jamaica--experienced a decline in trade.

The Bahamas sold Britain 59 million pounds in goods during the first four months of the year compared with a mere 3.5 million pounds last year, while imports rose from 15 million pounds to 55 million pounds. Officials here could not immediately explain the reason for the massive increase.

Barbados' exports to the UK increased by 400,000 pounds to 800,000 pounds, while imports stood at 11.7 million pounds as against 10 million pounds last year.

Exports from Trinidad and Tobago to the UK rose by 15.4 million pounds from 31.9 million to 47.3 million pounds. However, imports from Britain dropped from 33.4 million pounds last year to 31.2 million pounds.

Jamaica's exports to Britain during the first four months of this year were down by 6.1 million pounds--16.8 million pounds worth of goods as against 22.9 million pounds last year. Imports were down marginally, reaching 15.1 million pounds compared with 15.8 million pounds last year.

Guyana's exports totalled 17.5 million pounds as against 18.5 million pounds last year, while imports dropped from 5.3 million pounds to 5.2 million pounds.

Antigua and Barbuda's exports to the UK declined from 400,000 pounds in 1984 to 300,000 pounds this year. Imports were also down from 10.7 million pounds to 8.9 million pounds.

Dominican exports to Britain were valued at 5.9 million pounds as against 3.7 million pounds in 1984, while imports rose from 2.4 million pounds to 3.1 million pounds.

Grenada sold the UK 2.4 million pounds during January to April, compared with 1.4 million pounds in 1984. On the other hand, it bought 2.3 million pounds, slightly less than the 2.4 million pounds last year.

St Kitts and Nevis exported the same amount of goods to Britain this year, 1.2 million pounds, as it did last year. It imported 1.4 million pounds as against 1.6 million pounds for the same period last year.

Exports of St Vincent and the Grenadines reached 7.4 million pounds, up from 4.4 million pounds, and imported 2.1 million pounds as against 1.7 million pounds last year.

CSO: 3298/900



INTER-AMERICAN AFFAIRS

MORE FROM TRINIDAD-TOBAGO ON CARICOM RELATIONS

Differences With Jamaica

Port-of-Spain TRINIDAD GUARDIAN in English 5 Jul 85 p 1

[Article by Clevon Raphael]

[Text] Officials of the delegations of Trinidad and Tobago and Jamaica were feverishly working last night to resolve an embarrassing situation on the drawing up of a list of goods which are to be freely traded between both countries.

The episode started yesterday at the Caricom Heads of Government Conference when the Jamaican Prime Minister Edward Seaga told a Press briefing that Industry and Commerce Ministers of both countries would meet within the next three weeks to draw up an appropriate list of the items.

Mr Seaga, who spoke around 2.45 p.m., also told the media representatives that Senator Wendell Mottley (Trinidad and Tobago) and Douglas Vaz (Jamaica) would look at a list of goods to be traded between the Caricom partners on a quota basis.

But about three hours later Mr Errol Mahabir, Trinidad and Tobago's Minister of Foreign Affairs, speaking only to this country's media personnel covering the summit here in Barbados, gave a different story.

A Success

Minister Mahabir disclosed that for Trinidad and Tobago the four-day meeting could be termed a success in terms of the number of bilateral sessions conducted. He said the most prominent in these sessions was with Jamaica.

This session, he said, resulted in a draft agreement which was signed by Mr Vaz. Senator Mottley left the conference early yesterday morning with Prime Minister George Chambers to return to Port-of-Spain.

Mr Mahabir continued:

"Having examined what is contained in the draft agreement which has been signed by Mr Vaz, I find it difficult on behalf of the Government of Trinidad and Tobago to sign that agreement at this stage because it contains some provisions which, in our view, impinge upon the direct responsibility of the Governor of the Central Bank.

"And we need to be careful how we interfere with these matters. So that what we will do, we will take the draft agreement back to Trinidad and Tobago so it can be examined and, if necessary, would seek amendments."

Minister Mahabir further explained the draft was in respect of goods manufactured in the region, goods which came from third countries, and he added:

"The agreement contemplates officials coming to Port-of-Spain to go into more details but the document as it is now we will find some difficulty in signing, but I am sure we will find some ways to iron out this problem in due course."

Mr Seaga also told the international Press the main problem in trade between Trinidad and Tobago and Jamaica was that Jamaican goods were very competitive while our goods were not competitive in Jamaica.

This was so, he explained, because Jamaica had begun to make economic structural adjustment about three years ago.

#### Promise To Pay

Told about the reported difficulties of Trinidad and Tobago manufacturers to receive payments from Jamaica for goods supplied, Mr Seaga said he was not aware that situation still existed.

What he was informed, however, was that Trinidad and Tobago manufacturers owed Jamaica more than a million dollars.

Mr Seaga said, too, that Jamaica would pay to Trinidad and Tobago's Central Bank some \$2.4 million owed to the collapsed Caribbean Multilateral Clearing Facility.

### Criticism of Antigua's Bird

Port-of-Spain TRINIDAD GUARDIAN in English 6 Jul 85 p 1

[Article by Kit Roxborough]

[Text] Antigua and Barbuda Aviation Minister Vere Bird Jr and the British Government were blasted yesterday by Trinidad and Tobago's State Enterprises Minister Ronnie Williams over a new airline that will fly the Antigua to London route.

Mr Williams said that Bird has reneged on agreements made in January this year concerning a joint approach to British authorities for this country's national airline, British West Indian Airways (BWIA) to be licensed for the route.

A Cana report this week stated that a new company, Antigua and Barbuda Airways, a little known airline, will run the service in conjunction with Barbados, running BWIA off the route.

Mr Williams said he understood that the new airline will in fact be run by British Airways.

And referring to a statement attributed to Bird, Mr Williams stated, "Not only white man speak with forked tongue."

Mr Bird was quoted as saying that BWIA had been reluctant to fly from Antigua to London's Gatwick airport instead of the much busier Heathrow and this had prompted Antigua and Barbuda's decision to drop BWIA.

#### Low Priority

But Minister Williams read letters dated January this year which showed that the designation issue was given low priority after talks between the two Caricom governments.

And he said that the British, despite all sorts of expensive projects given their companies by the Trinidad and Tobago Government, were not prepared to be more considerate with BWIA and still thought of this country as a nation that could be easily fooled.

Mr Williams said discussions had been carried on with Antigua for some time, going back to the middle of last year at the official level. He said designated carrier should be an airline of a country that had a community of interest, because the normal guideline is substantial ownership and control.

"Obviously, Antigua and Barbuda could never own an airline where it has substantial ownership and control," he said.

Mr Williams admitted that Antigua and Barbuda did express to the British Government their willingness to designate BWIA, but the British Government said that this would be a new airline and new airlines were not permitted into Heathrow Airport.

He said on January 4 this year, he held discussions with Minister Mr Vere Bird Jr at the Trinidad Hilton and the Trinidad and Tobago delegation wanted to know what the exact position of Antigua/Barbuda was. It re-iterated that insisting on designation at this stage would cause problems. The designated airline would be regarded by the UK as a new-coming airline and would therefore have to use Gatwick as opposed to Heathrow.

This, Mr Williams said, would not bring maximum traffic benefits since Heathrow, not Gatwick, is the real international airport in the London area, with most transits from and to Europe and within the UK itself going through it. Also it would be more costly.

He queried whether Antigua and Barbuda Airways was not also a new airline and still would have entry into Heathrow.

"Now, what nonsense is Vere Bird saying about our reluctance to accept the designated route?" Mr Williams asked. "Of course we said to them that it would be necessary for us to approach the British Government jointly because the British Government is playing the fool."

#### Assessment of Others' Actions

Port-of-Spain TRINIDAD GUARDIAN in English 6 Jul 85 p 6

[Text]

BY now, we expect, the Barbados Government realises that pushing BWIA off the week-end service to London would be interpreted by Trinidad and Tobago as tantamount to a declaration of war.

The Piarco-Grantley Adams-Heathrow run on Saturday has always been one of the airline's most lucrative services; to lose it now would be a serious setback for the financially-strapped carrier which has been faithfully and consistently serving the Caribbean area since the last World War.

As far as we are concerned, the Barbados proposal would be an ungrateful attempt to clip the wings of one of the world's best little airlines, a carrier which, like our cricket team, is one indigenous product of which our region can be genuinely proud.

#### CONTINUITY

Prime Minister St. John must understand fully the implications for his country if his government proceeds with its reported intention of suspending that BWIA service after summer this year.

How the Trinidad and Tobago Government would react to such a blow to the national carrier must now be fairly clear to Barbados since it has been front page news in this newspaper during the Caricom Summit this week.

We understand that on Wednesday night a special late session of the conference was held to deal with the still unsettled business of regional air services. Earlier that same day, a source within the TT delegation did not mince words when speaking to our reporter Clevon Raphael:

"If Barbados does not come clean on the touchy issue relative to the continuity of BWIA's flight to London through Barbados on Saturdays, after the 1985 summer, then an accord on increasing trade with that country reached in Guyana recently and which Barbados has agreed is being implemented by Trinidad and Tobago, will be torn up."

When the Bridgetown talks got underway on Monday, another TT delegation source told our reporter:

"For 15 years BWIA has been maintaining that Saturday flight, heavily advertising Barbados, and if we now have to stop that service the airline will be in a lot of problems with the market."

"If BWIA is to lose that service we will have to take sanctions against Barbados."

Mr. St. John must also know that those sentiments will be supported and backed up by every loyal Trinidadian who, even if he or she may have some personal complaint against BWIA, will certainly rally to the cause of the national airline.

So that what his country is likely to incur should they cancel BWIA's Saturday service to Heathrow is not only a virtual closure of the Trinidad market and suspension in trade but also a drying up in the tourist trade and vacation travel from the Land of Calypso.

This, of course, is not a consummation for which anybody in Trinidad and Tobago is wishing. Rather, we would prefer to

continue to have the closest possible ties with the Land of the Flying Fish. But surely it is time that the Caribbean as a whole do justice by BWIA and concede the airline's well-merited claim to be the region's designated carrier.

### THE BIRDS

In this respect, Mr. Bird of Antigua is also flying a very strange and contradictory flight. How can his government claim that they had designated BWIA as Antigua's carrier for the London route and calmly accept the British government's declaration that BWIA would then be considered a new carrier and would have to fly into out-of-the-way Gatwick instead of Heathrow?

Knowing that the Gatwick run would be a non-starter for BWIA, the Antigua government should have insisted that BWIA, far from being a new airline, is the legitimate long-serving carrier for the region and should be fully entitled to fly into Heathrow from Coolidge.

Having committed themselves to BWIA, the Bird government have suddenly and inexplicably reversed their flight. Now they have formed a paper airline which will be operated by British Airways.

And, in a gross contradiction that spells nothing less than treachery as far as their commitment to BWIA and the regional integration movement is concerned, the government of Mr. Bird are pleased to announce that their new Antigua-Barbuda Airline will be flying into Heathrow!

Such is the flight of the government of the Birds.

## Analysis of Summit Results

Port-of-Spain SUNDAY EXPRESS in English 7 Jul 85 p 1

[Article by Andy Johnson]

[Text]

A BLAND communique, and the confusing signals which have come from some of the statements by various delegations have been cause enough for a cautious optimism about the just ended Sixth Summit of Caricom Heads of government.

"Much ado about nothing," was how one senior Barbadian journalist described the four days of talks which ended in the wee hours of Friday, at Sam Lord's Castle here. But, strictly speaking, there have been some developments which can be used as hopeful signs. One of them, most demonstrably, was

the declaration by Barbadian Prime Minister, Bernard St John, that there appeared to be "a promising beginning of a new realisation" among the stronger economies in the region.

This lay mainly in the decision by Trinidad and Tobago and Barbados to mend fences and sincerely negotiate better arrangements for trade on one hand and to work out a system of co-operation in air services on the other.

Outside of that, any assessment of the success of this conference is treacherous.

Taking the case of Trinidad and Tobago, for instance, Port of Spain had been saying for months before last week that it wanted to insist on a review of the Treaty of Chaguaramas as a necessary means of continuing to be a faithful partner in the regional economic grouping.

That issue was put to the conference at the level of the caucus of heads of government but there is no reflection in the final communique as to what was made of it.

The issue had been raised unofficially at the Nassau conference last year but even when canvassed on this subject this week at Sam Lord's Castle, delegates from other member states were expressing a curious lack of understanding as to what exactly was irking the delegation from Port of Spain about the present structure of the treaty.

Then there were also the preconference noises about debts owed Trinidad and Tobago by Guyana and Jamaica.

Relative to Guyana, and according to External Affairs Minister Errol Mahabir, Prime Minister George Chambers would have left the conference still not decided on how to collect on the debt, after lengthy discussions with the Guyanese President. Guyanese President Forbes Burnham, has been quoted in Barbados as saying that indeed a formula had been arrived at for the repayment of the money.

No movement had taken place on proposals whereby Jamaica would have decreased its loan indebtedness to Trinidad and Tobago during the last 12 months, one conference source said here earlier this week, pointing out again that this was one of the matters down for discussions between the two parties.

By mid-conference, however, the Jamaican Trade and Industry Minister, Douglas Vaz, declared that in the discussions between both sides, no talk of the loan repayments was on the agenda.

This was later confirmed by Mahabir, who spoke now of a mission from Kingston to Port of Spain earlier this year to deal with that problem.

Jamaican Prime Minister, Edward Seaga, told a news conference here on Thursday that his Government had had no intention to defer payments on this debt and there were no problems with it.

He neglected to say, however, that there had been intentions to do so during the last half of 1984, as stated by the Central Bank in Port of Spain, but that those intentions did not materialise.

Seaga told the news conference, the only full news conference called during the life of this summit meeting, in fact, that Jamaica and Trinidad and Tobago had agreed to conduct further bilateral discussions at the level of the Trade Ministers and so continue to work out arrangements for resuming healthy trade between the two countries.

He gave the third week in July as the date of the first meeting. But Mahabir said later there was no firm decision on this. For one thing, Minister of Trade, Industry and Commerce Senator Wendell Mottley is not likely to be in the country until after the end of July.

INTER-AMERICAN AFFAIRS

COLOMBIA, COSTA RICA AGREE ON MARITIME BOUNDARIES

Bogota EL TIEMPO in Spanish 23 May 85 p 20-C

[Text] The definition of maritime and underwater boundaries with Costa Rica in the Pacific Ocean will be submitted for presidential approval as soon as the House approves this treaty with no objection.

Foreign Minister Augusto Ramirez Ocampo said that the completion of this project is of great importance for Colombia, since the treaty will finalize maritime boundaries with neighboring countries in the Pacific.

There were no objections to the government initiative in the House plenary, and Ramirez Ocampo said that with this treaty Colombia and Costa Rica are finishing a long process of bilateral negotiations which began with a similar instrument for the Caribbean and will terminate with this one for the Pacific.

The project received favorable comments from representative Jose Fernandez Fernandez de Castro, who said that Colombia will benefit from the treaty and will clarify its maritime areas in the Pacific. The initiative has been through the Senate, and follows the treaty signed in San Jose, Costa Rica, on 17 March 1977, which was ratified in Bogota on 6 April 1984.

"The solution to the problems of maritime boundaries with neighboring countries is a matter of prime importance, since it is indispensable for Colombia, as a coastal nation, that use of ocean areas be harmonized and regulated," Ramirez Ocampo said.

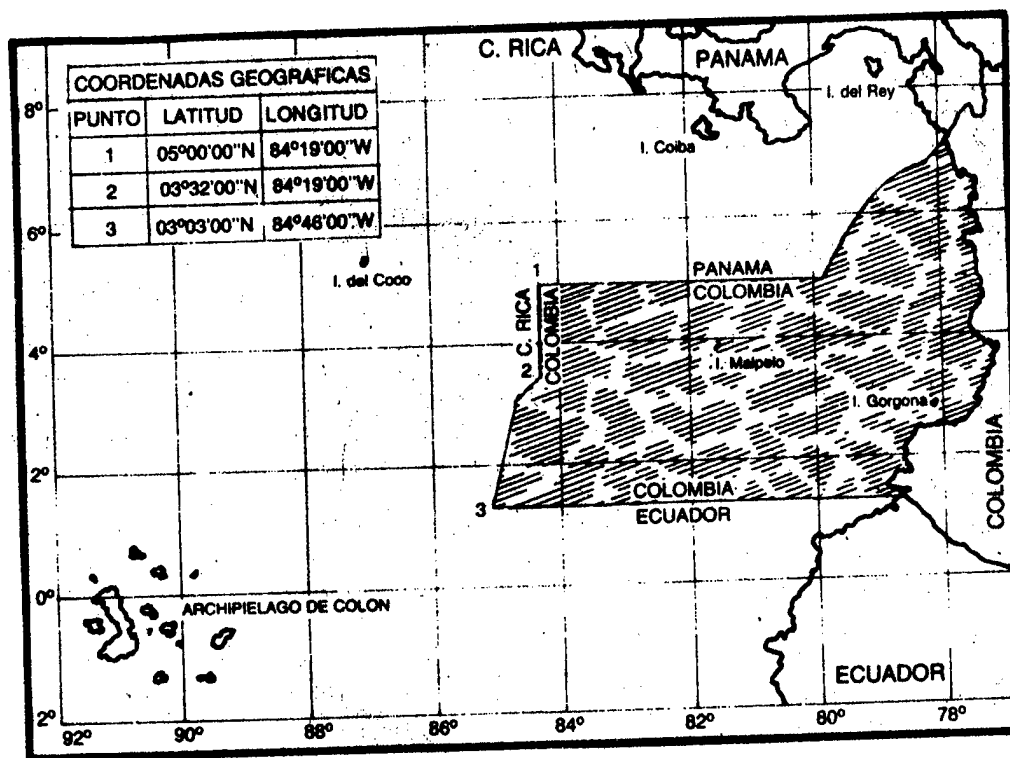
According to the foreign minister, signing the maritime and underwater boundary treaty with Costa Rica is a clear example of our country's intentions to solve peacefully our differences with our neighbors.

The treaty contemplates development of resources within the defined area and opens up new economic prospects for Colombia.

The treaty adds an area of 187,057 square kilometers to the national patrimony, including, according to Foreign Minister Ramirez Ocampo, enormous natural resources, both living and nonliving.

The line established in the new treaty defines the exclusive area of Coco Island (Costa Rica) and Malpelo Island (Colombia), in the area where they lie, from the furthest point of the maritime boundary between Costa Rica and Panama, located at 5°00'00" North latitude and 84°19'00" longitude west of Greenwich, continuing south and then along the edge of the 200-mile limit of Coco Island, to a point 3°03'00" north latitude and 84°46'00" longitude west of Greenwich. (See map)

It is emphasized that the immense wealth in living and nonliving natural resources in the zone exclusive to Colombia, comprised in 184,057 square kilometers which ceased to be defined in the Lloreda-Gutierrez Treaty, will become part of the national patrimony and open new horizons in the search for solutions to many of our country's social and economic problems, particularly those of the people on the Pacific Coast.



The map shows the line established in the new treaty between Colombia and Costa Rica defining the exclusive zone of Coco Island, in Costa Rica, and Malpelo Island, in Colombia.

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CSO: 3348/738



INTER-AMERICAN AFFAIRS

YACYRETA HYDROELECTRIC PROJECT TO BE COMPLETED IN 1991

'Fallout' of Project

Buenos Aires CLARIN in Spanish 14 Jun 85 pp 2-3

[Text] Equivalent to one-fourth of the total hydroelectric power generated by the Brazilian Itaipu plant, beginning in 1991, when the first of its turbines goes into operation, the Argentine-Paraguayan Yacyreta will supply 17,500 GWh a year. The project, whose cost already exceeds \$10 billion, will also have a "fallout" economic effect on the area, going far beyond the framework of an expanded energy supply.

When Yacyreta goes into operation with its 2,760 MW of power, which should occur in 1991, according to the latest schedule, the undertaking, whose cost has already easily exceeded \$10 billion, will mean that the country will have an energy supply of 17,500 GWh a year, equivalent to 1.7 times the power output of the Aswan Dam in Egypt and one-fourth of the 70,000 GWh a year generated by Itaipu in Brazil.

Measured in local terms, suffice it to say that the largest undertaking ever built in our country, the binational Salto Grande Dam, generates 6,500 GWh annually.

Located 1,470 kilometers from Buenos Aires near the city of Ituzaingo, Argentina, and Ayolas, Paraguay, the dam, which physically links Argentina and Paraguay, will have a total length of 70 kilometers. Its construction requires the use of no less than a million tons of cement for a reinforced concrete structure whose volume will be an estimated 3 million cubic meters.

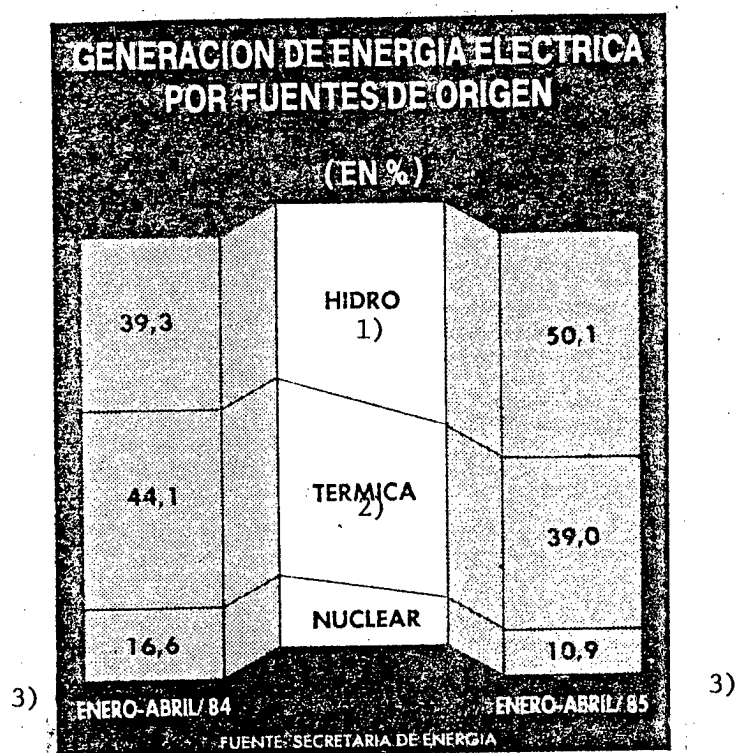
The dam will result in the formation of an artificial lake with an area of 172,000 hectares. Some 1,400 hectares of the city of Posadas will be flooded, entailing the relocation of part of the population. Entire urban areas will be involved, with the accompanying movement of cold storage plants, sawmills, tanneries and other industries.

A contract for part of the project, its 20 135-MW Kaplan turbines, has just been awarded to the consortium Allis Chalmers and Dominion Engineering Works, involving some \$213 million in costs without considering interest.

The design of the turbines, among the largest of their type, will make it possible to take maximum advantage of the features of the river.

Six of the 20 will be provided by Metanac (Pescarmona) in a subcontract. Unquestionably, the Yacyreta equipment, because of its colossal dimensions, exceeds the boundaries of the contracts awarded and turns into a whole series of programs of economic expansion involving the incorporation of a formidable added value, mastery of advanced technology and the consolidation of an efficient technical and scientific staff. National participation in turn will mean the consolidation of export prospects, with the resulting foreign exchange revenue. Possibilities will be opened up by the regional market for this type of equipment, as shown by growth projections of hydroelectric participation in the energy supply. By 1990, it is estimated that the contribution of this resource in Latin America will be 66 percent; by the year 2000, some 75 percent.

Generation of Electric Power Based on Source (in percent)



Source: Office of Secretary of Energy

Key:

1. Hydroelectric 2. Thermal 3. Jan.-April

[Caption] Recent months have witnessed growth in hydroelectric sources in the generation of power, while other thermal or nuclear sources have declined compared with the first quarter of 1984.

### Bridge Built in Record Time

Buenos Aires CLARIN in Spanish 14 Jun 85 p 2

[Text] The service bridge connecting Argentine and Paraguayan territory, built in record time, will be officially opened at the end of June. Situated on the main branch of the Parana River between Rincon de Santa Maria on the Argentine side and Isla Yacyreta on the Paraguayan shores, it will be used to transport materials, machinery, equipment and personnel.

A conveyor belt set on braces anchored in the main beams will be used for the transport of bulky materials needed for the concrete to be mixed at the central plant.

The bridge, with a total length of 968.2 meters, was built in 13 months, record time, according to technicians, for a structure of this type over the Parana River.

Furthermore, according to the Yacyreta Treaty, navigation cannot be interrupted at any time.

Under such conditions, work was planned so as to ensure navigation by means of a temporary canal in a place close to Argentine territory.

While the bridge will be officially opened before the end of this month, it was ready for traffic by April.

### Technical Advice for Project

Buenos Aires CLARIN in Spanish 14 Jun 85 p 3

[Text] Since mid 1978, the Yacyreta Binational Agency contracted the Harza consortium to provide its services on the master plan and documentation for bidding on elements of the project, direction and technical supervision of civil construction and supply contracts.

### Consortium

Harza includes the Argentine consortium CONADY [expansion unknown] and the Paraguayan ETIC [expansion unknown], in addition to Harza Engineering Company International and Lahmeyer International GmbH [sic], thus making up the CIDY (Harza Consortium of International Consultants on Yacyreta).

Work completed by CIDY for Yacyreta includes the direction and technical supervision of project phases by means of effective followup of progress on construction and assembly.

This also means certifying reception tests and the startup of equipment, machinery and processes of execution, in addition to safety and health standards.

## Programming

It also involves the planning, coordination and supervision of services in planning, organizing and overseeing progress on the project.

Services contracted also involve technical assistance for startup, operation and the coordination of project structures, basically with respect to the power plant and navigation sluices.

CIDY's functions include analysis of documents for the project and technical assistance for bidding and contracting in order to make the necessary adjustments in existing documents and provide services in all phases of bidding and contracting of bids in all legal, technical, administrative and economic phases.

## Moderate Goals of Energy Program

Buenos Aires CLARIN in Spanish 14 Jun 85 p 4

[Text] The redrafting of energy plans based on the premise of excess capacity entails both an anticipation of more moderate economic growth as well as an overall economic-financial framework tied to fulfillment of the obligations of the foreign sector.

The chapter devoted to energy in the Sourrouille Plan emphasizes that the government does not contemplate launching "any major project" during the first years of its term but that it definitely intends to complete those already underway.

The axis of the proposal depends on broadening the horizon of oil reserves, as reflected in the outcome of the oil program announced by President Raul Alfonsin in Houston, a program that puts off the development of crude until the second phase.

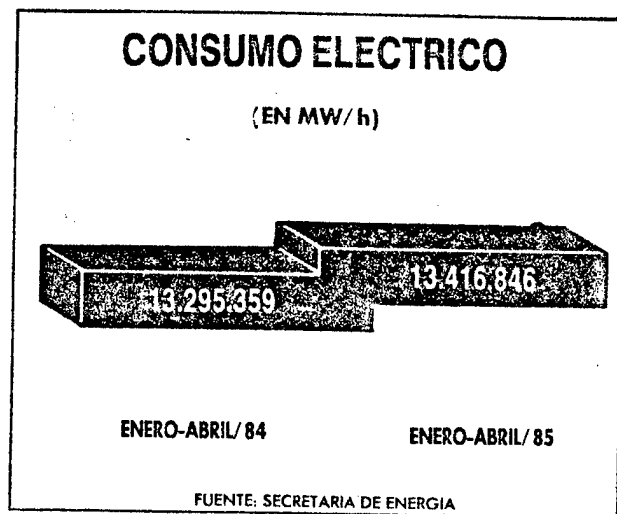
## Limited Growth

The limits of this energy growth goal are explained officially by the excess supply compared with consumption whose level is lower than projected at the beginning of the 1970's. It is thought that the idle capacity would reach a balance with demand by around 1990. It is estimated that the priority projects: Yacyreta, Pedra del Aguila and Atucha II, would go into service at about that time.

## Without Gas Revolution

By that time also, the "gas revolution" would be over. The resource would experience a change at that time (in the past 9 years, its participation in consumption rose by 50 percent), inasmuch as, despite its privileged position in the ranking of reserves, greater expansion in the supply of the resource would not be feasible without investments made to expand the infrastructure (gas pipelines, basically).

Electric Power Consumption (MWh), January-April 1984 to January-April 1985



Source: Office of Secretary of Energy

The redefined energy profile takes a fundamental link into account with respect to nuclear power: Atucha II. The remaining plants to be built (total of three) thereby require a revision, mainly with respect to the magnitude of their generating capacity. The recognized intention is that by modifying the quantity and size of the next plants, leadership in Latin America will be preserved through nuclear development obtained, thereby facilitating a regionalization of undertakings. Consequently, there has been no abandonment of the expansion of nuclear activities "aimed outward" by means of the exportation of technology, consulting services and the sale of components. Naturally, given the overall financial difficulties, medium-range goals now appear to be compromised by delays -- and even threats of paralysis -- in the initial link: Atucha II.

#### First Yacyreta

In the field of hydroelectric power -- and although the potential of this source of power is still unfavorably looked upon -- neither Parana Medio nor Corpus will be ruled out. However, the possibility of their completion is postponed until the startup of the Argentine-Paraguayan plant Yacyreta, now scheduled for 1991.

## Progress Despite Shortage of Resources

Buenos Aires CLARIN in Spanish 14 Jun 85 p 1

[Interview with Porfirio Aquino, executive director of Yacyreta; date and place not given]

[Text] Some \$73 million have been cut from the funds budgeted this year for Yacyreta, which now has \$400 million to meet its expenditures for 1985. Despite this drop in revenue, Argentina's executive director of the binational entity, Porfirio Aquino, believes that the first turbine of the power plant will go into operation in 1991.

[Question] What will the effect of the budget cut be on the project?

[Answer] The cuts will not be applied to critical points. We have decided to postpone the infrastructure, consisting in the construction of housing, the landing strip, the paving of access roads, and we have reduced land expropriations. The tonic is to postpone such aspects until next year so as to be able to retain the flow of money and thus maintain the speed of construction of the project as a whole.

[Question] Does this change in beginning infrastructure work also imply making the peak year of spending 1986?

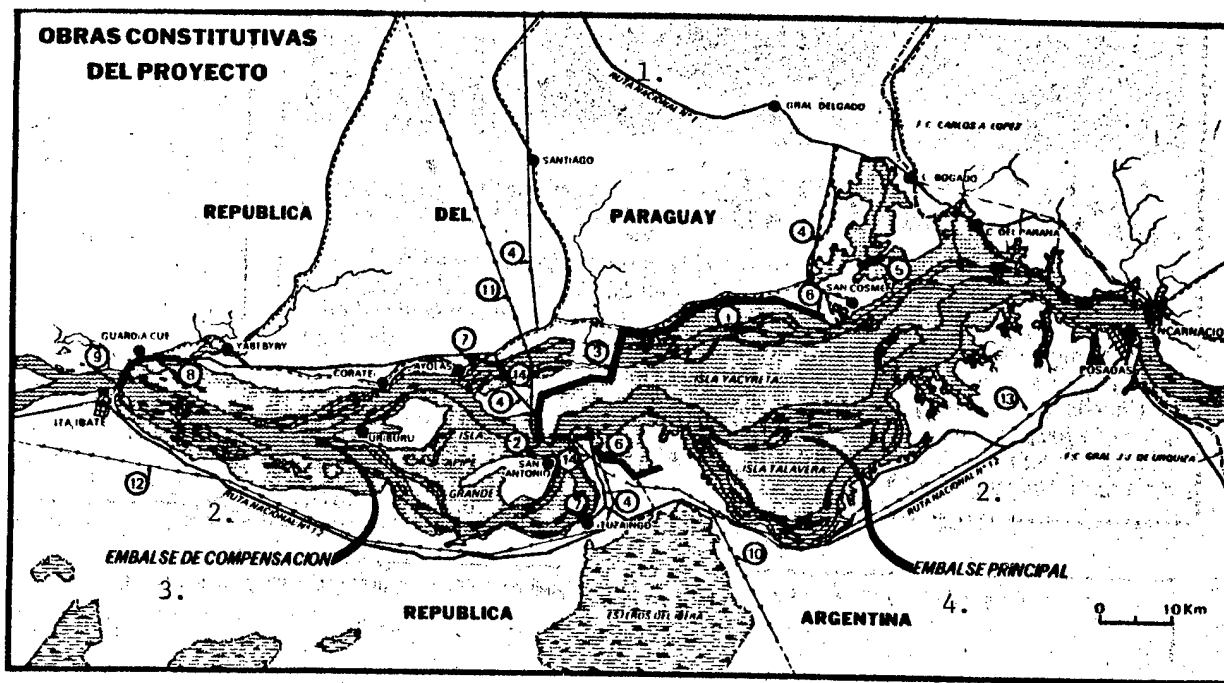
[Answer] Both 1986 and 1987, but the important thing is to save this year and the next, in other words, maintain the speed of the project. That is why we have chosen as variables those aspects that do not imply any delay in startup of the power plant.

[Question] Have you obtained the foreign loans that were pending?

[Answer] We have already signed the agreement for \$400 million with Eximbank, which can be operable as soon as we complete negotiations with the International Monetary Fund and begin the second phase of talks with the Club de Paris.

Then we shall have an opportunity to incorporate \$55 million in heavy equipment. You must remember that we already incorporated \$70 million in heavy equipment. We are engaged in an operation to maintain the speed of the project. The Argentine National Bank is going ahead with an operation for the loan to be granted by Eximbank. Of the total credit, \$200 million will go for heavy equipment and the remaining \$200 million for the purchase of turbines. This latter portion will not be used totally yet, which will mean that we can reduce the amount of the loan and avoid payment of interest and commissions. We are also working on the credit granted by the French Credit Lyonnais for \$76 million. Equipment is coming from France, including excavators and transporters. We also think that the credit with CIPE, the official Italian credit organization, can be completed in June, amounting to \$40 million.

## Component Parts of the Project



1. Dam 2. Main works 3. Ana Cua spillway 4. Highway connection 5. Aguapey dike 6. Irrigation intakes 7. Permanent housing 8. Ita-Ibate earth dam 9. Main works 10. Lines of transmission to the Argentine system 11. Line of transmission to Asuncion 12. to Corrientes 13. Line of transmission to Posadas 14. Argentine-Paraguayan interconnection line

### Key:

1. National Highway No 1 2. National Highway No 12 3. Compensating dam 4. Main dam

[Question] How is work on the project going?

[Answer] There are two main points: work on the Santa Maria angle and work on the island. These two sites are now linked by the service bridge, which is 1,600 meters long and 8 meters wide. The bridge was finished in 9 months, record time for a bridge over a river such as the Parana. In the meantime, we have excavated 1.35 million cubic meters of earth and 530,000 cubic meters of rock from the navigation sluice and poured 500 cubic meters of concrete.

At the plant, we have excavated 2.24 million cubic meters of earth and 168,000 cubic meters of rock and on the main spillway, excavation totals 800,000 cubic meters of earth and 267 cubic meters of rock. At Santa Maria, we are completing assembly of two concrete towers with a total production capacity of 440 cubic meters an hour. We have completed construction of a camp for 3,000 persons, which is the total personnel for the project. At the present time, some 4,600 to 4,800 persons are working on the project.

We have also completed a study to replace the fish ladder with a much simpler procedure that would save us \$30 million.

[Question] Have the contracts for purchase of the turbines been completed?

[Answer] We are now in final negotiations in order to draw up the contract. In this sector, Argentine participation will be some 50 percent.

[Question] Which points of the contract are being discussed?

[Answer] This also depends on the Club de Paris because it deals exclusively with the financing issue. We are also studying the matter of the generators, which are the next phase of the project. We want to evaluate possible national participation because when contracts were awarded 4 years ago, conditions were quite different from what they are now and we now want participation by our national industry. With respect to the first 10 generators that were awarded to the Japanese firm, the credit is scheduled to expire in October of this year, according to what we were told, meaning that there is sufficient time to use it. The sum is approximately \$70 million.

We are also negotiating with the GIE-Siemens group, which won the contract for the second group of 10 generators. Our intention is to modify the portion of the work that will be done by these groups of foreign enterprises and combine it with the participation of national enterprises. While this has not yet been established, local enterprises have offered a participation of 60 percent of the total works in this category, but this has its cost and we must also see which Argentine firms participate and how, what they can contribute, all aspects now being analyzed. The topic must be completely defined in the months ahead.

[Question] Are you maintaining the date for the startup of the first turbine?

[Answer] Yes, 1991.

11,464  
CSO: 3348/767



INTER-AMERICAN AFFAIRS

BRIEFS

CARIBBEAN LABOR ISSUE--Secretary Treasurer of the Barbados-based Caribbean Congress of Labour (CCL) Dominican Kertist Augustus says there is need for a reversal of anti-labour legislation which he claims is now sweeping the entire Caribbean. He was at the time addressing the opening of a one week Windward Islands Trade Union Seminar on the theme "The role of the Trade Union in the democratic process." Union leaders should not keep quiet on matters that affect workers because their political party is in power, Mr Augustus told the workshop. The CCL Secretary-Treasurer was critical of the role now being played by various persons who use the Trade Union Movement to attain political power and then seek to stifle the functions of the Trade Union Movement. It is being attended by participants from Grenada, St Lucia, St Vincent and Local Trade Union representatives. [Text] [Roseau THE NEW CHRONICLE in English 14 Jun 85 p 3]

CSO: 3298/900

ARGENTINA

CHACO GOVERNOR EXPLAINS COLONIZATION PROGRAM

Buenos Aires CLARIN in Spanish 17 Jun 85 p 37

[Text] Resistencia. The governor of the Chaco, Dr Florencio Tenev, has confirmed the upcoming settlement of 50 families of Spanish colonists in the El Impenetrable area. He also announced that contacts are well under way for an influx of German, Korean, Chinese, and Italian colonists, in addition to a second group of Spanish settlers in this region.

Tenev, the son of Bulgarian immigrants who came to Argentina after World War II, explained that the arrangements are being handled through the embassies of these countries in Buenos Aires and the Argentine embassy in each of these countries. "We want to be absolutely certain," he said, "that the future colonists will be real rural workers, so that what happened with the Laotian refugees some years ago will not be repeated."

Conditions

The governor expects that the conditions imposed by the province will be "quite stringent," and that the agreement which the immigrants must sign will contain a clause stipulating that the immigrant "will not be allowed to emigrate from the countryside, and if he does so, he will lose his residence permit and will be expelled from Argentina."

After stating that "the lands reserved for natives will not be touched," he remarked that "the Chaco government has not granted any type of special favors or privileges to the Spanish settlers who will soon come to El Impenetrable." He said that their presence will provide a strong boost for the Bank of Chaco, since they will bring about \$10 million with them, as required by the conditions set for dealing with the provincial bank.

In explaining some details of the Spanish colonization program, he said that the colonists will receive some economic aid from the government of their country, "which has provided the appropriate medical exams and has conducted an exhaustive investigation of each of the applicants for this program."

"There is not now, and there will not be in the future," emphasized Tenev, "any favoritism or special privileges shown to the foreign colonists. The land will be sold to them, and they will get the same terms and conditions as any other Argentine citizen interested in settling in the area of El Impenetrable."

#### Criticism

In response to a question, the Chaco governor said that "I will not allow myself to be intimidated or demoralized by the criticisms that some people may make of this colonization plan. We are sure that it will create more capital and greater economic potential for our province, and no one is going to shake us in that conviction."

He then noted that "the Chaco had its origin in immigration waves like the one we are now planning," but he said that the difference lies in the fact that "our predecessors came fleeing from war and hunger, while the people we are going to bring here have been checked out in advance, and will be bringing millions of dollars with them."

It was indicated that it is likely that the first group of Spanish colonists, a total of 50 families, will reach the Chaco region within the next 90 days.

7679

CSO: 3348/789

ARGENTINA

#### MINISTER OF PUBLIC WORKS TOMASINI'S BACKGROUND REVIEWED

Buenos Aires LA VOZ in Spanish 31 May 85 p 2

[Text] Engineer Roberto Tomasini, Buenos Aires Province minister of economy, was appointed minister of public works and services on 30 May 1985. He replaces Roque Carranza.

At the same time Pres Raul Alfonsin is transferring the Secretariat of Energy from the Ministry of Public Works and Services to the office of the president and is confirming Conrado Storani as head of that secretariat.

In this way the battle for control of key areas will be settled, a struggle which has had internal party repercussions since Tomasini joined the Radical Party just a few months ago.

Storani will remain in control of the Government Petroleum Deposits [YPC], the Government Coal Deposits [YCF], the Government Gas, Water and Electric Power, Greater Buenos Aires Electrical Services [SEGBA], Northern Patagonia Hydroelectric Power and the Yacyreta Binational Agency [EBY], among other bodies which will remain under the Secretariat of Energy.

Meanwhile, Tomasini as minister of public works and services will control the rest of the government enterprises, including those of transportation such as the Argentinean Railway, Austral, Argentine Airlines and such departments as the National Directorate of Roads and Highways [DNV] and other minor ones.

According to Jose Ignacio Lopez, spokesman for the office of the president, the minister-designate will take the oath of office as soon as he takes care of unfinished business at the Buenos Aires Province Ministry of Economy.

During the last few days, following the transfer of Carranza to the Ministry of Defense, Jose Pedro Casado Blanco, undersecretary of maritime resources, deputy Guillermo Tello Rosas and Italian entrepreneur Victorio Orsi had been mentioned as candidates for the Ministry of Public Works.

Tomasini, considered the righthand man of Aldo Ferrer, president of the Buenos Aires Province Bank, actively participated in the preparation of the economic program in the Radical Civic Union Party [UCR] platform for the 1983 elections.

Tomasini was born on 15 April 1929, is married and has three children. During his long public career he has carried out important projects in the field of public works, including the Binational Hydroelectric Project of the upper Uruguay River.

He has held posts connected with energy activities in the Provinces of Neuquen and Rio Negro and has made highway feasibility studies for a number of routes in those two provinces and in Mendoza, Santa Cruz and Cordoba.

Tomasini also was a consultant for international organizations such as the Economic Commission for Latin America [ECLA], the Latin American Institute for Social and Economic Planning [ILPES], the UN Development Program and the International Labor Organization [ILO].

He previously was a consultant of the DNV's Federal Investment Council and CORFO, [Rio Colorado Development Corporation]. He has also taught in Argentina and abroad and has published many works.

#### Radical Party Pressure Supports Storani

The appointment of Engineer Roberto Tomasini as Minister of Public Works and Services, replacing Roque Carranza, threatens to unleash a real internal storm within the Radical Party.

When Conrado Storani, secretary of energy, was not promoted to that ministry, the "historicos" group of Renewal and Change was quite unhappy. The situation is even worse if one takes into account the threat by "the Cordovan" to pull out of public service if he were not appointed minister of public works and services.

A clear example of the fight within the Radical Civic Union Party [UCR] was given by Senator Margarita Malharro de Torres who stressed that "It is essential to make a show of solidarity with a man like Conrado Storani who is the standard-bearer in our party' struggle."

Twelve senators and about 60 deputies support Storani and "will have nothing to do" with Tomasini.

According to persons near President Alfonsin, who yesterday worked at his Olivos residence and not at the Rosada Palace, the president was not uninformed of the situation which had developed and did not delay in summoning men close to Storani, to "clarify."

Another argument which the "historicos" group have advanced is that Tomasini has "little or no preparation in the field of petroleum" and this may create difficulties in dealing with contracts worked out by Roque Carranza and Storani himself.

Moreover, Enrique Spangenberg, president of YCF raised his voice to congratulate Storani on the completion of the model contracts for petroleum exploitation, and stated that he would have supported his appointment as head of the ministry.

ARGENTINA

NEW ENERGY PLANS CONSIDERING UTILIZATION OF BERMEJO RIVER

Buenos Aires ENERGEIA in Spanish No 52, 1985 pp 24-25

[Text] Planning is a fundamental part of energy policy. The undersecretary for energy planning, engineer Jorge Lapena, is responsible for the preparation of a program to guide the course of this sector. Along with fuel substitution and a greater reliance on gas, new hydroelectric studies and the reduction in size of units for nuclear power plants are some important variables in this plan.

One of the proposals for new water resources programs is the Bermejo River project. This is more than just a hydroelectric project, because of the possibility of creating an effective control system over its periodic flooding, which has a severe negative economic impact on the region. The idea is to turn this situation around.

One obstacle hindering such a possibility is the fact that this is a river with a rapid flow, and in periods of flooding, it has a strong alluvial increment with abundant solid sediments. The Water and Electricity Enterprise is to begin studies of the possibility of building new developments with 300 MW modules. To do this, it will receive an IADB [Inter-American Development Bank] credit of \$50 million.

This study will also cover the possibility of using tributaries of the Bermejo, such as the Tarija River. We are mentioning this river specifically, as it also flows through Bolivia. As a result, in this case Bolivia would also have to participate in such a project. Clearly, if this hydroelectric development project is undertaken jointly with Bolivia, it will be a factor promoting regional economic development and Latin American integration.

Demand

In any event, the suitable utilization of this river and of the Middle Limay, with the Michihuaro, Pichi Picun Leufu, Piedra del Aguila, and Collon Cura projects, is part of the program being drafted by the division of energy planning. HIDRONOR [North Patagonia Hydroelectric Company] will be

responsible for these projects, and their viability will be subject to projected energy demand, which at the present time is still somewhat depressed.

There is a Brazilian proposal to build the Pichi Picun Leufu project under a "turnkey" contract. This project is to have a rock fill dam with a maximum height of 38 meters and a length at its crest of 750 meters. The plant will have a useful head of 42 meters. Its installed power will be 600,000 kW with an average annual generation rating of 2.4 billion kWh.

This is a government-to-government proposal and both the department of energy and the HIDRONOR directors are now reviewing the proposal. According to both groups of officials, nothing has yet been decided, but the offer does exist. If it is felt that after the execution of the gigantic Itaipu hydroelectric power project, there is a great deal of idle capacity, the bid must be viewed as appealing. The terms of the bid were not made public, but just its announcement has had a strong impact on local contractors.

#### The Modules

Another aspect being considered in the program just mentioned is the reduction in size of future nuclear power plant modules, with dimensions to provide a generating capacity of 300 MW. Viewed in terms of capacity, this reduction is not significant, as SEGBA's [Greater Buenos Aires Electrical Services] most modern generating units have only a slightly higher rating.

The explanation for the uniformity planned both for this type of plant and for the hydroelectric plants is their easy adaptability to demand requirements. That is, if they are needed, it will be easy to build and use them for a lower cost than projects such as Corpus or Parana Medio. And within the National Electricity System, their effectiveness is certain.

That is why projects like Corpus or Parana Medio, while they are not now considered out of scale, and still form part of the program, do not now have the priority or the sequence that had been assigned to them originally.

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CSO: 3348/789

ARGENTINA

## AGRICULTURAL REFORM PROPOSALS TO DOUBLE GRAIN OUTPUT

Buenos Aires MERCADO in Spanish 20 Jun 85 pp 45-46

[Text] There have been in official circles different reactions to the production proposal--more grains, oils, beef and milk--recently made by the Argentine Rural Association [SRA]. On the one hand, the plan is complemented by the Medium-Term Plan prepared by current Economy Minister Juan Sourrouille when he was planning secretary.

The two sides largely agree on the need to implement some sort of lofty and stable reform to promote exports and also to channel investments toward the activities linked to the export sector, as two ways of making domestic production more dynamic.

On the other hand, the initiative has been received coolly, both in the Agriculture and Livestock Secretariat and in the Planning Secretariat (the latter now under the demoted Grinspun), as a result of personal jealousies rather than for technical objections. Grinspun, as economy minister, and Reca, as agriculture secretary, were responsible for last year's government policy of "turning away from agriculture." Both generated the lagging reform, along with the implementation of higher duties on agricultural-livestock exports, maximum prices on food products and the restriction on beef consumption in restaurants to 2 days a week.

Just as the SRA initiative fits in perfectly with Minister Sourrouille's plans, it is a heavy burden on Grinspun and Reca, for it proposes something they did not do: to promote increased production. The SRA plan is aimed at generating, first of all, higher exportable volumes of grains and oils and, to a lesser extent, of beef and milk products. Generating such higher volumes has the twofold purpose of raising the country's production and obtaining foreign exchange to meet the commitments derived from the foreign debt.

"We can produce foodstuffs on an international scale and what we need are earnings commensurate with the effort of the farm producer," asserts SRA President Guillermo Alchouron. "For this," he adds, "we believe that the reform must be in keeping with the market value." According to the SRA, the proposal is not an economic plan in itself, but it is a fundamental part of any development plan. It is for this reason that SRA members are



using a new definition of that sector, calling it the agroindustrial complex, which covers agricultural and livestock producers, the industries that process raw materials of agricultural-livestock origin, the industries that manufacture component parts used by the producers, and the services that are developed linked to the primary production sector and to the agro-industries. The complex accounts for 30 percent of the Gross National Product and 77 percent of the country's total exports, and employs 27 percent of the economically active labor force.

A large portion of the higher production depends on increased productivity, since the total cultivated area would only account for 13 percent of future values. This means that it will be necessary to incorporate a greater concentration of technology to attain the proposed goals. This means the massive incorporation of seeds of high quality and yield, herbicides, insecticides, fungicides, fertilizers, tractors and farm machinery.

And, of course, it implies the imperative need to make available to the producer more working capital with which to cope with the production expansion and the necessary investment he must make.

As a macroeconomic hypothesis, the SRA raises the possibility of attaining a cumulative annual growth rate of 6.7 percent in the agricultural-livestock sector, exceeding the 5-percent rate recorded over the past 5-year period. In this way, primary production and the agroindustrial complex would be like a "locomotive" of development to the extent that the GNP would grow at an annual rate of 7 percent. (It is estimated that it will drop 3 percent in 1985.)

Agricultural-livestock sector exports currently amount to \$7 billion per year. The SRA asserts that within a 5-year period this level can be increased by \$5.1 billion, or 73 percent more, to reach \$12.1 billion in annual exports. For this, grains and oils production must be increased from the current 40 million tons to no less than 60 million tons, for a 50 percent increase. At the same time, meat production would increase from 2.8 million tons annually to 3 million tons, for an increase of 200,000 tons or 7 percent more. Milk production would leap 40 percent over its current level, rising from 5 billion liters annually to 7 billion.

Everything is based on the producer responding rapidly with greater production to the incentive of new earnings that he would receive as a result of implementation of a lofty reform, without duties (withholdings) on exports. The SRA quite frankly admits that it would mean, over the initial phase, lower revenue for the General Treasury of the nation, higher domestic food prices and lower real wages for workers.

SRA experts have estimated that over the initial phase, fiscal revenues would drop about \$1 billion and there would be a one-time wave of price increases of around 5 percent. Regarding the first subject, it is noted that a 6.7-percent [growth] rate of the agricultural-livestock sector would push the GNP to a cumulative annual rate of 7 percent, and this expansive effect would generate additional revenues for the national treasury of

some 21 percent over the aforementioned 7 percent, from national, provincial and municipal taxes and the social security system. That would be the equivalent to a \$2.45-billion increase in revenues, which would make up for the loss of withholdings [on exports] and there would be a surplus to cover investments that the public sector must make in works of infrastructure related to the production expansion proposed by the SRA.

Government investments to implement the program are estimated at \$2.76 billion over the first 3 years.

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CS0: 3348/793

ARGENTINA

BRIEFS

KOREAN FISHERMEN IN CHUBUT--The secretary of fisheries of the Republic of Korea, D. Young Sik-Kand, has come to Argentina, accompanied by the director general of that department, Mr Sung Hwan Ha, to discuss with Argentine officials the possibility of settling Korean fishermen in southern Argentina. The Korean secretary will remain in Argentina until tomorrow, and during his stay he will meet with the minister of the interior, Dr Antonio Troccoli; the secretary of agriculture and livestock, engineer Lucio Reca; and the governor of Chubut province, Dr Atilio O. Viglione. The plan calls for a total investment of \$15 million; all production would be exported through the Korean marketing system. [Text] [Buenos Aires LA PRENSA in Spanish 20 Jun 85 p 12] 7679

CSO: 3348/789

BAHAMAS

## AIR TRAFFIC CONTROLLERS BACK TO WORK AFTER WORK-TO-RULE

TUC Support

Nassau THE TRIBUNE in English 26 Jun 85 p 1

[Article by Anthony Forbes]

[Excerpts]

TRADE Union Congress President Arlington Miller declared last night that the TUC has thrown its support 100 per cent behind the air traffic controllers who are currently on a crippling work-to-rule, which Transport Minister Philip Bethel charged Tuesday is bordering on "sabotage."

TUC Secretary General Leonard Archer, who is also president of the Caribbean Congress of Labour, said that if the Government brings in air traffic controllers to replace the Bahamian workers, the TUC, its affiliates and the workers will be at the airport to meet them when they arrive.

The TUC leaders' statements were made at the "Peoples' Parliament," called in protest to Prime Minister Pindling's motion closing the House of Assembly for five months.

Before Mr Miller wound up the meeting, Mr Archer put a motion to the audience which was unanimously approved.

The motion read:

"This House believes that there is enough of the peoples' business yet to be done to keep the House of Assembly in continuous session until the end of the year;

"This House further believes that the five-month suspension of the House of Assembly is an affront to the Bahamian people and a denial of the right of the people to be governed by their elected representatives."

Mr Archer said that it is a responsibility that the controllers carry out on a daily basis "and up to this point in time, they have done a better job of controlling the air traffic than all of the ministers have done controlling their ministries."

"We must not allow people like Clement Maynard and others who suck off this country, who are paid far more than they are worth and the country would be better off if they were not around, trying to put people down for doing an honest job and for doing it well," the TUC Secretary General said.

"We need to get behind the air traffic controllers," he said. "Let me say tonight on behalf of the Congress that if the Government tries to bring in the air traffic controllers to replace Bahamian workers, then the Congress, its affiliates and the workers of this country will be at the airport to meet those people when they come in to make sure they don't land and that they go back to where they came from."

"It is time for this foolishness to stop. It is time for Bahamians to be men and women in their own country and to be proud of their country and to ensure that no one, be it half-Bahamian, a quarter-Bahamian or whatever to tell us real Bahamians, those whose mothers and fathers and grandfathers before them, were born in this country and who contributed to this country, they don't deserve a fair share of what this country has to offer," Mr Archer said.

## Objection to Foreigners

Nassau THE TRIBUNE in English 26 Jun 85 p 1

[Article by Anthony Forbes]

[Excerpts]

THE Airport, Airline and Allied Workers Union will close Nassau International Airport by calling its entire membership off their jobs if Government hires 20 foreign air traffic controllers should Bahamian controllers go on strike, President Henry Dean warned Tuesday night.

Addressing the Trade Union Congress' "Peoples' Parliament" at the Southern Recreation Grounds, Mr Dean also declared that the air traffic controllers, who are currently working to rule, will continue their industrial action until their contract dispute is resolved.

"It is also rumoured that if the air traffic controllers decide, or if the union decide that the air traffic controllers must go out on strike, that the Government has already arranged for some 20 to 25 air traffic controllers, maybe expatriates

from London or Jamaica or wherever, to come into the Bahamas and take over these roles," he said.

"I urge them to do it. I ask them to make the first step because I believe that if that thing is to come about, we the members of the Airport, Airline and Allied Workers Union, particularly the air traffic controllers will have to do what is needed to be done to get things together," Mr Dean said.

"If they, the Government decides to bring in people to take the roles of Bahamians, which is so prevalent, particularly in Bahamasair where a bunch of expatriates are running the show and Bahamians can do it, if they decide to bring in expatriates, this union will therefore ask all of its members to move together and I'm serious about this one," he said.

"If ever the air traffic controllers at Nassau International Airport find it in their best interest to go on strike and if the Government of the Bahamas reacts by bringing in air traffic controllers from other countries when there are a number of unemployed persons here in the Bahamas and pay them gross amounts of money, then as president of that union, I would be forced to ask the other members of that union to follow through and stop work," Mr Dean said.

"And what it does is closes the airport," Mr Dean said. "I am not advocating closing the airport but, my brothers and sisters, if that is something what we have to do to stand up for our rights, we are going to do it."

Return to Duty

Nassau THE TRIBUNE in English 29 Jun 85 p 1

[Excerpt]

AFTER causing a week of inconvenience to the travelling public, airline union president Henry Dean took to the air last night to announce that air traffic controllers at Nassau International Airport had called off their work-to-rule.

He said the decision had been made for the good of the country; he felt that the public now understood the important job done by the controllers and he believed the controllers had made their point. However, although the controllers had had a "change of heart," they retained the right to resume industrial action if Government did not resolve their contract negotiations for better wages and working conditions.

CSO: 3298/867

BAHAMAS

TUC LEADER ARCHER WARNS GOVERNMENT OF UNION DISPLEASURE

Nassau THE TRIBUNE in English 27 Jun 85 pp 1, 4

[Article by Anthony Forbes]

[Text] If a general strike is needed to straighten out the Bahamas, the Trade Union Congress and the people generally will do whatever is necessary to straighten things out, TUC Secretary General Leonard Archer warned Tuesday night.

He also charged that it is Philip Bethel who is "sabotaging" the transportation industry by not doing what he is supposed to do at Nassau International Airport where defiant air traffic controllers are staging a crippling work to rule.

Mr Archer, also President of the Caribbean Congress of Labour, was speaking at the "Peoples' Parliament," called to meet on the Southern Recreation Grounds by the TUC to protest the five-month summer adjournment of the House of Assembly by Prime Minister Sir Lynden Pindling.

Chairing the rally attended by a small crowd, Mr Archer referred to the current four-day-old general strike in Jamaica against the economic policies of Prime Minister Edward Seaga's government.

"What is interesting about that strike is that the union of which the Deputy Prime Minister of Jamaica (Hugh Shearer) is President, the Bustamante Industrial Trade Union, is also on strike," said Mr Archer, who is also President of the Caribbean Congress of Labour.

"It seems that the Jamaica brothers have learned a very important lesson," Mr Archer said. "That lesson is: you have to do it for yourself. You don't depend on the Government, you don't depend on the political party, you don't depend on anybody. It's a battle that you have to fight."

"And this is a message we want to bring to the people of the Bahamas. It is no good for you to sit back and complain over the fence, it's no good for you to pray and ask somebody else to intervene," he said.

"The fact is," said Mr Archer, "if you want something done, you have to do it yourself."

"Now I'm not suggesting that we go on a general strike like they have in Jamaica because our problems are not quite the same as theirs," he said.

"But if we need a general strike to straighten this country out then I am sure that my colleagues in the movement and the people generally will do whatever is necessary to straighten things out," he said.

Mr Archer said he has a lot of faith in the Bahamian people, whom, he said, are slow to react, but when the reaction comes, it will be a surprise to a lot of people.

"The Prime Minister who sometimes seems to feel that no matter what he does that the people like it and that the people will not react to it," he said. "I'm afraid one day he is going to wake up and he is going to be very, very much surprised at what the people would have done to him."

Dealing with the industrial action at Nassau International Airport, Mr Archer said he understood that on Sunday, the ceiling in the Air Traffic Control Tower fell on the poor workers who were waiting to do their jobs to make the place safe for planes to land.

"Then we had the man who calls himself Minister talking about that was almost sabotage," Mr Archer said.

"The sabotage is done by the Ministry who did not do anything about the airport. That is the sabotage," he said.

"Those of you who use that airport know that when it rains it is safer to be outside of the airport than to be inside. The airport is a national and international disgrace," he said.

Mr Archer said that if the Transport Minister wants to talk about sabotage, he should do his job and get something done about the airport.

The trade unionist said that Bahamians have to take their country seriously and stop attempting to become visitors in their own nation.

"These are indeed serious times. Our country is in a mess. Our political institutions have been shown by the Commission of Inquiry to be corrupt," Mr Archer said.

He said that the Prime Minister, who in 1966 bitterly complained that the former United Bahamian Party Government was taking money from the Grand Bahama Port Authority, has taken some "three quarters of a million dollars," from the same Port Authority.



"Now I ask you, if it was corrupt in 1966, why is it not corrupt in 1973," he said. "If it was corrupt then, it is corrupt now and no matter how the Prime Minister tries to get out of it, the fact is he is in the pocket of the Port Authority."

"We do not have an independent Prime Minister anymore. You notice that he hardly goes to the House of Assembly except to ask for an adjournment. He is hardly ever in the country. What is our Prime Minister doing? Where is he?" Mr Archer asked.

"We need a Prime Minister whose mind is on the country, not trying to save his own skin," he said.

On the House adjournment, Mr Archer said that when the Prime Minister moved for the five-month summer vacation because Government had no business in the House, "what the Prime Minister was saying was that he had no business to be there."

"Because if a Government of the country has got no business for the elected representatives of the people, then that government we don't need. It's time to get another government, a government who knows about the people's business, who cares about the people's business and who can do the people's business," Mr Archer said.

He said that just about everything in the country is falling apart and noted that there is a crime wave of unprecedented length in the Bahamas.

"I don't know and it's certainly not in my memory have I heard of so many killings, so many shootings, so many robberies going on in this country and yet the Government says it has no business for this country, it has no business in the House of Assembly that

it can discuss and come up with a solution to the problems we face in this country," Mr Archer said.

Yet at the same time in the country, the Government is about to spend a lot of the people's money on the Commonwealth Heads of Government Conference scheduled to be in Nassau in October, he said.

Mr Archer said it is rumoured that \$1.6 million will be spent on cars for the Heads of Government yet if one were to call the police in the event of a crime, they would not be able to respond to the call because they don't have a vehicle.

"Now let me ask you: what is more important; a conference or the people of the country of the Bahamas? And I believe you will answer for me that the people of the Bahamas are far more important," he said.

"While we have no problem with the conference being held in the Bahamas, we say first things first," Mr Archer said. "Ensure the safety of the people of the Bahamas and then we can get on to international conferences."

CSO: 3298/867

BAHAMAS

## YOUTHS DEMONSTRATE FOR JOBS, ARE SHUNNED BY MINISTRY

Nassau THE TRIBUNE in English 27 Jun 85 pp 1, 4

[Article by Juliette Storr]

[Excerpts]

AFTER staging a peaceful demonstration outside the Ministry of Youth at noon today to demand employment for Bahamian youth, 11 Torchbearers were locked out of the Ministry when they tried to speak with the Minister or the Permanent Secretary.

Carrying placards that read - "6,000 more jobs needed tomorrow", "we don't want much all we want are jobs", "youth want jobs now", "millions \$ for the Queen what for the students", "1980 - full employment, 1982 - near employment, 1985 - economic revolution, all lies" - the youth arm of the FNM peacefully demonstrated for about 15 minutes in the parking lot before going upstairs to the fourth floor of Centreville House, where the Minister's and Permanent Secretary's offices are located. They found the doors to the Ministry locked.

Led by Torchbearer's leader Tommy Turnquest, the demonstrators were disappointed by the Minister's response to their visit and also to his previous response to a letter sent to him informing him of their intention. "All we wanted was a chance for the Minister to once again respond to our letter asking government what they plan to do about the unemployment situation," said Mr Turnquest.

In a letter dated, March 28th, addressed to Minister of Youth Livingstone Coakley, the Torchbearers highlighted the grave problem of unemployment in the country, particularly among youth, and cautioned that if nothing is done the Association "will embark on a course of demonstrations to demand jobs for the youth of our nation."

In that letter, said the Association, questions on current plans to deal with unemployment were also passed on to the Minister. "Because there seems to be no hope and no solutions many young people are frustrated and turn to drugs, crime and other anti-social behaviour," said Mr Turnquest.

What will the government do about this he asked. If there are no solutions he suggested that the government "should resign, a general election be called and a fresh mandate be made for the people." He said that it is only with a new government that this problem can be solved. The new government, he said, will be the FNM.

No response to their letter, he said, confirms the Torchbearers' presumption that the PLP Government has no plans and are totally incapable of solving the unemployment problem that they have created.

"We are tired of empty promises of the Prime Minister of full employment by 1980. The Deputy Prime Minister said that we will have near full employment in 1982 and the Prime Minister said that we will have an 'economic revolution' in 1985. All lies. There is still no solution to the unemployment situation, we want action. If there is no action we would like them to resign. We would like to see the unemployment situation reverse itself. There are young people out there who want to work, but there are no jobs," he said.

One of the main solutions to the problem he said is to encourage foreign investment with less red tape and also local investment by Bahamian businesses who want to invest but cannot because they are not

with the "right party, or have the right representative in their constituency, or do not have the right lawyer."

The demonstration follows a press release issued yesterday. In the release it was estimated that unemployment among young people is 40 percent. The Association said that the young people of this country have been taken for granted too long and have been too passive towards the do-nothing attitude of the PLP Government on "this vexing issue." The Association seeks action and will demonstrate until they receive some. They are willing to give suggestions and discuss plans but "we believe there is no plan and that is the reason why they won't respond."

CSO: 3298/867

BAHAMAS

NOTTAGE'S PRESENCE IN MARCH AGAINST DRUGS ASSAILED

Nassau THE TRIBUNE in English 26 Jun 85 p 1

[Article by Athena Damianos]

[Excerpt]

**THE BAHAMAS** Union of Teachers today said it will not be hypocritical and take part in tomorrow's march against drugs if former Cabinet Minister Kendal Nottage, who the Commission of Inquiry found fronted for a drug trafficker/mafia figure, is present.

The Opposition said it was "amazed" that Mr Nottage would be brazen enough to join in the National Drug Council-sponsored march, which is a non-political event.

Nevertheless, party spokesman Arthur Foulkes said that the FNM is committed to the cause and will demonstrate tomorrow against the drug scourge. Secretary-general Garth Wright said that FNM officers, council members and Members of Parliament will march with leader Kendal Isaacs.

Political activist Rodney Moncur, who recently resigned from the Workers Party, telephoned The Tribune yesterday and threatened to "come out of retirement for a day" if Mr Nottage marches.

PLP chairman Sean McWeeney said he saw nothing wrong with Mr Nottage marching, because the former Minister of Youth is on record as speaking out against drugs.

He said that the Young Liberals, the youth arm of the PLP, will be out in full force tomorrow, not as members of a political party but as concerned Bahamians. Mr McWeeney said that the Young Liberals plan to volunteer to work on the Drug Action Committee's hot line as a result of an address by the Prime Minister.

However, he said that Prime Minister Lynden Pindling is in his Kemp's Bay constituency and will not be in Nassau to take part in the march. He expected that the PLP would be well represented.

Both the FNM and the PLP have urged their supporters to join in the march.

Dr David Allen, head of the Drug Council, today urged everybody who is against drugs to support the march.

"The thrust of the march is to say 'now are the Bahamian people going to stand up against this evil in this society.' The march is an opportunity now for Bahamians of all colours, races and persuasions to say 'stop this mess in this country now.' I can not do it alone. I can only be out there as long as I feel that the Bahamian people support what I do," Dr Allen said.

"In the Bahamas, my own belief is that unless we come out en mass, it's going to be really hard."

But BUT secretary-general Kingston Black said that the executive decided at a meeting last night that it would not take part in the same march with Mr Nottage.

"The executive of the BUT supports the work of the Drug Action Council," with which it has met to offer its assistance, Mr Black said.

He said that the executive will not march tomorrow, not because it does not support the march but because "it does not want to be seen as being a hypocrite." Mr Black told The Tribune the decision is based on the fact that Mr Nottage, according to the Commission Report, fronted for a mafia figure.

Mr Nottage recently indicated over TV-13 that he will take part in the march.

"We feel that we would be condoning blatant hypocrisy if the union marched with Mr Nottage who the Commission

of Inquiry concluded fronted for the mafia. We, as educators, will not be seen to condone further poisoning of minds of Bahamian children...His involvement on the committee will only serve to detract from the well-meaning and gallant efforts of the committee," Mr Black said.

"We will not be seen as part of the hypocrisy that seems to be premeating this society," Mr Black declared.

"We, as the custodians of the Bahamian children, feel that to become involved (with Mr Nottage) would only serve to poison their minds. We support the Drug Council. We wish them success in everything they

do. But, we would like to advise the Council not to let him take part in the march because it will only serve to contaminate the atmosphere further," Mr Black said.

CSO: 3298/867

BAHAMAS

# MINISTERS SEE COMMONWEALTH HEADS ON CONFERENCE SECURITY

Nassau THE TRIBUNE in English 27 Jun 85 pp 1, 4

[Article by Athena Damianos]

[Excerpts] A number of Cabinet Ministers, including the Prime Minister, have met with Commonwealth heads of government abroad over the October conference, reportedly to quell apprehension over the Opposition's plan to demonstrate against Government corruption.

A Government spokesman claimed today that it was "part of a Commonwealth tradition" for Ministers to travel to the various countries "and extend personally the invitations."

The spokesman, who is attached to the Commonwealth Secretariat office in Nassau, did not want to be identified.

However, diplomatic source told The Tribune that Prime Minister Lynden Pindling sent all the invitations to the Bahamas High Commission in London to forward to the Commonwealth heads.

And Charles Gunawardena, the director of information for the Commonwealth Secretariat in London, said today that the secretary notifies Commonwealth leaders of the conference and that this is usually backed up by personal letters or invitations from the Prime Minister of the host country.

Asked whether it was a "Commonwealth tradition" for Ministers to travel to the country to personally deliver the invitations, he said: "This is not the normal custom, unless they want to discuss a particular matter. There are 49 Commonwealth countries!"

Mr Gunawardena confirmed that Sir Lynden met with Commonwealth secretary-general Shiridath Ramphal when he was in London last week. It is understood that he also met with British Prime Minister Margaret Thatcher.

The Opposition sent a telex to Mr Ramphal advising him that the Opposition will boycott the conference to demonstrate against Government corruption. Copies have been circulated to Commonwealth heads.

Mr Gunawardena said it was too early to say whether security would be a concern during the conference.

"We are going ahead with the preparations firmly on the basis that the conference will take place (in Nassau) as planned," he said. He denied that an alternative site had been chosen.

Informed sources told The Tribune that Sir Lynden is expected to visit a Commonwealth country in the Caribbean in connection with the conference on the weekend. The source also said that Works and National Insurance Minister Darrel Rolle is in Australia. Today the Ministry confirmed that Mr Rolle is out of the country and not expected back until around July 9.

The Tribune has also confirmed that National Security Minister Loftus Roker recently left Nassau for east Africa. The Ministry said today he won't be back in office until July 20.

Minister of Youth and Labour Livingston Coakley was said to be off the island today.

On June 4, The Tribune reported that five Ministers will travel to nine Commonwealth countries in the face of apprehension over Opposition threats to demonstrate and boycott the Commonwealth Heads of Government meeting.

The Opposition announced that it would demonstrate against Government corruption during the conference.

The Tribune also reported that Port Authority chief Edward St George tried to persuade Opposition leader Kendal Isaacs to call off the boycott. Mr St George telephoned from London to deny the report.

It has been confirmed, however, that Mr St George urged Mr Isaacs to call off the demonstrations because he felt it would be bad manners to demonstrate during the Queen's visit.

Meanwhile, Security and Intelligence Branch Police chief Supt Kenneth Bonamy today denied that a Sikh was arrested in the Bahamas last week.

It has been reported that a Sikh, who was wanted for questioning in connection with last October's assassination of Indian Prime Minister Indira Gandhi was picked up in Bimini last Tuesday.

"I don't have any knowledge of a Sikh being arrested," Mr Bonamy said, although he told The Tribune he had heard a rumour to that effect.

Asst Commissioner Ormond Briggs, head of Interpol in the Bahamas, said he had also heard the rumour. However, he could not confirm the report.

The report, although unconfirmed, coupled with the recent wave of international terrorism, has sparked new concern over security for the upcoming Commonwealth Heads of Government Conference.

The presence of up to 49 Heads of Government and the Queen who will be in Nassau during the Commonwealth Conference in October is a security man's nightmare. Government will have to mount an elaborate security system to protect the Government leaders.

Security, which would be extremely tight under normal circumstances, will have to be more intricate than usual.

Fears have been expressed that the Cable Beach Hotel, where the conference is to be held, is vulnerable because of its access by sea.

Questions are also being raised about whether the Police Force is adequately equipped or has the manpower to handle such an elaborate security system. Presumably, some kind of security force may have to be imported from abroad.

In spite of the obvious security concerns, Foreign Affairs Minister Clement Maynard called a June 14 Tribune article on the matter "ridiculous and stupid" because, he said, it was the duty of the host nation to provide proper protection for Government leaders.

"So the business of publishing what the difficult security arrangements are is absolute nonsense and it is ridiculous and should never have happened because any country anywhere in the world would be stupid to bring people like that...important people like that here and not provide proper protection, coverage and security for them," the Minister said.

On June 17, The Tribune reported that a Government spokesman working with the Commonwealth Secretariat denied that Cabinet Ministers would travel to Commonwealth countries over the conference. This is incorrect. The spokesman said that he did not know about Ministers travelling abroad, or about apprehension over the conference.

CSO: 3298/868



BAHAMAS

## CHIEF JUSTICE DISMISSES FNM DISCLOSURE COMMISSION SUIT

Nassau THE TRIBUNE in English 5 Jul 85 p 1

[Article by Athena Damianos]

[Text]

THE CHIEF Justice today dismissed with costs Opposition leader Kendal Isaacs' application to have the Public Disclosure Commission reconsider his complaint that Prime Minister Lynden Pindling had not disclosed his income in accordance with the law.

Mr Isaacs, whose complaint was found by the Commission to be "unsubstantiated," had asked the court to quash the decision and have the complaint returned to the Commission for proper determination.

Mr Isaacs' lawyer, Vivian Blake, said that the Commission's failure to grant Mr Isaacs a hearing violated the rules of natural justice. Mr Isaacs submitted a Commission of Inquiry statement on Sir Lynden and Lady Pindling's financial affairs to support his complaint.

But, Chief Justice Telford Georges ruled that while the Public Disclosure Act gave the Commission the right to call Mr Isaacs or request any further information from him, it did not have a duty to do so.

He said that a financial statement by Commissioner of Inquiry Insp Frank Richter was *prima facie* evidence and could not be treated as establishing any facts.

Mr Georges also ruled that Mr Isaacs "would not personally have had any information on the grounds of his complaint." He ruled that the facts as Mr Isaacs would have been aware were all set out in detail and with apparent thoroughness by Insp Richter.

"The right to receive complaints in writing from the public does not, as I see it, vest any right in members of the public to ensure that false declarations are exposed. It could conceivably have that result but it was intended to provide additional sources of information for the Commission in their process of investigation," Mr Georges said.

Mr Isaacs, who appeared in court with his lawyer, Orville Turnquest, did not react visibly when Mr Georges handed down his ruling. He said afterwards that he was "a little surprised."

Mr Isaacs said it was too early to say whether he would appeal the decision.

Mr Georges noted that Insp Richter had examined the Pindling's financial affairs from 1977 to the end of 1983 and found their declarations under the Act from 1977 to 1982 to be inclusive.

On April 20, 1979, Sir Lynden sold his house to a

corporation for \$650,000. Between April 20, 1979 and February 13, 1981, the corporation paid him \$565,000.

Insp Richter said that Sir Lynden did not disclose the transaction until February 25, 1982 on his 1981 balance sheet.

The Act requests particulars of any property acquired or disposed of during the relevant 12-month period ending on the 31st of December in respect of which the declaration is made.

Insp Richter also said that Sir Lynden did not disclose payments of \$670,976 Everette Bannister made to Sir Lynden.

Mr Georges said that there was no affidavit in these proceedings stating that Insp Richter's statements were either false or inaccurate.

"The only reasonable and probable inference was that, despite these admissions the Prime Minister proffered an explanation which satisfied the Commission that he was justified in not declaring these receivables in consequence of which it declared the complaint unsubstantiated," Mr Georges said.

"The Commission, however, had no authority to excuse non-compliance by a member. It could not absolve a person who had failed to declare what that person was under a duty to declare, nor had it power to excuse a belated declaration of

the kind exposed on Insp Richter's affidavit."

He said on that basis, Mr Blake argued that the only reasonable inference was that the Commission had failed properly to apply the law and that accordingly there was an error of law on the face of the record.

"The difficulty, however, is that the argument begs the question as to what is the record. It treats Insp Richter's statement as at least *prima facie* establishing the facts which it recites," said Mr Georges.

"Even if it was a statement on oath to the Commission of Inquiry, I do not think I would be justified in treating it as establishing any facts. Having heard from the Prime Minister, the Commission may not have been satisfied that he had indeed made any admissions to Insp Richter as the inspector states he did.

"The complaint is not the entire record and without the entire record it is not possible to say either that the findings of fact are perverse and fly in the face of the evidence or that on admitted facts there has been a misapplication of law."

Mr Georges said that The Public Disclosure Commission could not produce any information revealed by the evidence of a witness in a court

except in specific circumstances which did not include an application for certiorari.

Therefore, even if Mr Blake was correct in his "inferential" analysis and even if the Commission did in fact misapply the law, "there is not before this court the material on which such a conclusion could be reached," Mr Georges said.

Commenting on the interpretation of the word "income," he noted that the word is not defined in the Act itself although liabilities and assets are.

"Clearly," he said, "the sums paid towards the purchase price of the former residence would not by any definition be 'income' although they would be monies received." He said that the method of payment would be set out under the heading "Details of...(property) disposal."

Similiary, he said that two of the larger sums received from Bannister ostensibly for shares in two companies would not be income.

He said that in the normal course of events, those shares would have been listed under Head 3 of the declaration (securities).

Presumably also but less positively the sale of the shares could be reflected as a disposal of property under head 13.

BAHAMAS

# ISAACS WINS FNM VOTE OF CONFIDENCE IN LEADERSHIP

Freeport THE FREEPORT NEWS in English 24 Jun 85 pp 1, 2

[Text]

NASSAU — Kendal G. L. Isaacs, leader of the Official Opposition Free National Movement and M.P. for Delaporte, has been given a "unanimous vote-of-confidence" by almost 300 persons attending the party's conclave at the weekend, an inside FNM source informed this newspaper on Sunday.

The vote-of-confidence in Mr. Isaacs leadership was said to have come on Saturday night, during the final session of the two-day secret gathering at the South Ocean Beach Hotel and Golf Club.

Isaacs, 59, has led the reunified FNM since 1981. He was previously involved in the leadership of the party between 1972-76, but bowed out of active politics because of a then throat ailment.

The source also reported that while the FNM still has the Action Group, the party, however, remains in control of its activities.

Executives in the Official Opposition, however, remained tight-lipped Sunday on recommendations made at the organization's first conclave since a similar secret meeting was held in the St. John's constituency in early 1982.

The two-day meeting, which began Friday, ended around 10 o'clock Saturday night, but most persons remained at the South Ocean Beach Hotel and Golf Club until Sunday morning, when they checked out.

According to FNM hierarchy members who declined to disclose any aspect of the meeting, that the conclave was "well represented" and proved to be "very successful."

Explaining why nothing could be said, Arthur A. Foulkes M.P. for Blue Hills and party public relations officer, stressed that "it was a conclave, and the reason we are not saying anything was because it was a conclave ... things discussed are not for the ears of the enemy."

Foulkes maintained that the secret meeting "was a great success," and that "we did discuss, at length, how to get Rid of the PLP" (Progressive Liberal Party).

Matters discussed are reportedly to be taken to the FNM Central Council for formal ratification.

The Central Council, however, is not expected to meet until on or about July 19, unless a special meeting is convened to deal with the recommendations.

While the staging of a convention was not discussed, it was learned that the party must hold a convention by November, this year, in accordance with its

constitution, which stipulates that such a gathering of the organization be held no later than two years. The last FNM conference took place in November, 1983, under the theme: "It's still time for a change."

The conclave got underway around 7.30 p.m. Friday, as delegates crowded a second-floor meeting room at the hotel. The meeting was called to order by Edwin "Vikey" Brown, conclave chairman and the person designated to co-ordinate the next election campaign for the party.

Mr. Isaacs was also reported to have addressed delegates on opening night.

CSO: 3298/880

BAHAMAS

MAYNARD NOTES PREPARATIONS FOR COMMONWEALTH MEETING

Nassau THE TRIBUNE in English 3 Jul 85 pp 1, 6

[Article by Anthony Forbes]

[Excerpts]

FOREIGN and Tourism Minister Clement Maynard said today that the governments of the Bahamas and other Commonwealth countries are all satisfied that the security arrangements for the October summit of the Commonwealth Heads of Government are adequate.

Commenting on the proposed demonstration and boycott of the conference by the official opposition Free National Movement, Mr Maynard said Government does not want the Heads of State to be under attack or subjected to anything untowards or foreign to the ordinary procedures for such a conference.

Answering questions at a press conference this morning at the Commonwealth Heads of Government Meeting Secretariat at Nassau Court, the Minister said that overall cost of the summit, which will also have substantial tourism value, will be more than \$5 million.

In addition to Mr Maynard, who is in charge of arrangements and planning, others attending the press conference were Mr Harold Munnings, Conference Coordinator, and Mr William "Bill" Kalis, a consultant at the Bahamas News Bureau.

Mr Maynard said the conference was called to update the Press as much as possible about arrangements and preparations, which are being made and which have already been made for the meeting of the Commonwealth Heads of Government.

"I think that you might be interested to know that we are progressing pretty much on target and that Mr Munnings and his group and those working along with him are progressing very nicely and the work is moving very satisfactorily," the Foreign and Tourism Minister said.

Asked to bring the Press up to date on the arrangements and what is happening at the Public Square, Mr Maynard said that a plan had been prepared to remodel the Square at sometime and it seemed appropriate that at this stage it should be proceeded with.

Asked whether Government will bring in specialists to supplement the police force in providing security for the visiting Heads of Government, Mr Maynard said he did not want to deal specifically with the plan for security as it would be dangerous.

"However, you may be assured that this whole matter is

not being dealt with lightly and the Government, this Government, the Bahamas Government and other governments are all satisfied that the security arrangements are adequate," the minister added.

Mr Maynard said the agenda for the conference cannot be completed since the Caricom Heads of Government summit is still being held in Barbados and items for the agenda could well flow from that meeting.

"The agenda, although developing, cannot be completed so early," he said. "It will be completed, I would think, rather late in September when anything that is likely to arise should already be on the horizon."

He said that one of the items to be included on the agenda has to do with the Security of Small States.

"The Report (on the Security of Small States) will be tabled at that time. You might be aware that the Honourable Chief Justice is the chairman of a Committee which was selected of outstanding persons to look into these matters and they have met several times and met in various geographical centres to discuss the Security of Small States," Mr Maynard said.

He said that could be extended to a sub-item that would deal with drug trafficking and the dangers to the security of a country as well as

to other aspects and effects of drug trafficking and drug abuse.

Asked if the question of apartheid (the racial separation policy of South Africa) is expected to dominate the October summit, Mr Maynard said that in every Heads of Government meeting over the last 10 years, the issue has always surfaced.

"I have no doubt that will come up again. I do not think it will dominate anything but it certainly must come up," he said.

Commenting on the visits of several Cabinet Ministers to various parts of the Commonwealth, Mr Maynard said it is a tradition of the Commonwealth that Heads of Government are called upon.

Asked how he proposes to deal with the planned demonstrations by the official opposition FNM so that they do not disrupt the conference, Mr Maynard replied: "The security arrangements will have to look into that side of it."

"I don't think that I know or anybody else for that matter. It is for them to look into that," he said.

"Certainly we wouldn't invite Heads of State to come here and to be under attack or to be subject to anything which is untoward or foreign to the ordinary procedure for Heads of Government Conference," Mr Maynard said.

9 August 1985

## BAHAMAS

## BRIEFS

HOTEL UNION CONTRACT--The prolonged dispute between the Bahamas Hotel Catering and Allied Workers Union and the Bahamas Hotel Employers Association ended this morning with the signing of a new five year industrial agreement that gives hotel workers 40 percent economic improvement and 2-5 percent in benefits. The new contract ends the ten-month-long dispute which was referred to the Industrial Relations Board on February 22 by Minister of Labour Livingstone Coakley when the at times stormy negotiations broke down. Describing the negotiations as "a long, hard struggle," Mr Thomas A. Bastian, president of the union, said the union feels that it was "one of those tasks where we did our best, nonetheless, we feel that the workers deserve much more and (the union) should have accomplished much more." Thanking Bahamas Hotel Employers' Association president Barrie Farrington for the professionalism and cooperation displayed throughout the negotiations, he said the union hopes to accomplish much more the next time. "For the workers and the union members I hope that this signing will add much more cooperation between us and the workers. I hope the workers and the community at large will find peace and that there will be no more conflict or suspicion of whether the union will take strong action again," said Mr Farrington. [Excerpts] [Nassau THE TRIBUNE in English 2 Jul 85 p 1]

NEW COLOMBIAN ENVOY--Colombian Ambassador, His Excellency Dr Victor Alcides Ramirez Perdomo of Colombia presented his credentials to Governor-General Sir Gerald Cash at Government House Tuesday. He said he was "deeply honoured" to have been appointed his country's ambassador to the Bahamas. Dr Perdomo, formerly a penal circuit judge of Neiva, Colombia, and a specialist in Labour Law, is stationed in Jamaica. "The relations between both countries (the Bahamas and Colombia) have always been exceptional and the desire of my Government, which I express on their behalf, is to further strengthen them in the future by aspects that contemplate exchanges in commercial, educational, artistic, communicative and many other areas," Dr Perdomo told Sir Gerald. In reply, Sir Gerald said that it was with satisfaction that he noted "the emphasis which your Government desires to place on strengthening exchanges in the commercial, educational and cultural fields between our two countries. "We are confident," said Sir Gerald, "that such exchanges will deepen the friendship existing between the Bahamas and Colombia. For, it has already been solidly constructed on our shared historical ties, our commitment to democratic ideals and institutions, our respect for human rights and freedoms, and our pursuit of peace and development both at home and abroad." [Text] [Nassau THE TRIBUNE in English 27 Jun 85 p 5]

CSO: 3298/868

BELIZE

BRIEFS

DIPLOMATIC APPOINTMENTS--Belize, 17 Jul (AFP)--The Belize Foreign Ministry announced on 17 July the appointment of Kenneth Tillet as its new ambassador to the United Nations, replacing Robert Leslie. The government also appointed Shoul Nehemiah Eisenberg as consul to Israel, with residence in Tel Aviv.  
[Summary] [Paris AFP in Spanish 0219 GMT 18 Jul 85 PA]

CSO: 3298/902



BRAZIL

## DISUNITY THREATENS AD COALITION AS ELECTIONS APPROACH

Rio de Janeiro O GLOBO in Portuguese 7 Jul 85 p 5

[Text] Brasilia--What is the future of the Democratic Alliance? The alliance, which was the basis of Tancredo Neves' New Republic, is today one of the best examples of the fact that without Tancredo Neves things are really not the same. Today the government is experiencing the paradox of having a good theoretical parliamentary majority--the alliance--which in practice is not functioning smoothly. Quite the contrary, disharmony has been the rule within the alliance. And if things work out in keeping with the most immediate political reality, the municipal elections of 15 November, it is most probable that the Democratic Alliance has no future.

One hope remains: sometimes political combinations that are not feasible in regional terms are able to unite around larger national objectives. But for such a national union to come about to the point of assuring survival of today's confused Democratic Alliance, there must be a greater effort, inasmuch as until now the immediate interests of the parties have prevailed. And the effort of President Sarney to keep the alliance free of accidents along the way has been problematical.

Good examples of such problems are the two latest controversial proposals that the government sent to congress: agrarian reform and the adjustment of BNH [National Housing Bank] mortgage payments. In both cases there was a lack of effective support in congress for the projects of the executive and there was even criticism on the floor from members of the Democratic Alliance. Especially from the PMDB [Brazilian Democratic Movement Party], in whose program agrarian reform is an important item and from whom much broader support for the bill was expected. But even the PMDB did not organize support for the project--and within the PMDB, not even the progressive wing. The argument--or the excuse--to explain the omission in defense of the bill simply goes to show that the disharmony is taking place not only within the Democratic Alliance, but also between the government and its parliamentary support: members of the so-called progressive wing of the party claim to have been taken by surprise by the bill.

The case of the BNH bill was quite different. That is, it happened to be an unpopular bill. This more easily explains the absence of congressmen from the floor to support the bill. Without there being a thorough campaign mounted in advance explaining to the public that the measure, although unpopular, was essential. But there was none of this.

For the present confusion is everywhere--as in the chronicle by Machado de Assis. There is disharmony between the government and the alliance, there is disharmony between the parties of the alliance, and there is disharmony within the parties themselves that belong to the alliance. The PMDB has been going through a clear process of internal stress since election of its president, Ulysses Guimaraes, as president of the Chamber of Deputies. The choice of leaders Pimenta da Veiga and Humberto Lucena was also a complicated process, in both cases, among the members of both houses of congress.

Pimenta da Veiga remains optimistic, in spite of everything. He feels that the rebellious attitudes in these first months of the government are due to the transition from authoritarianism to democracy, a period that saw the PMDB finishing 21 years as the opposition and its congressmen not yet accustomed to their new position as the government party and unable to abandon their combative manner. But other congressmen find the PMDB situation more complicated than that. Deputy Francisco Pinto, a member of the party's executive committee and its left wing, told President Sarney at dinner some time ago in Alvorada Palace that the position of the PMDB is very difficult because the PDT [Democratic Workers Party] and the PT [Workers Party] are conducting a corrosive opposition that results in discredit and in loss of members, which does not affect the PFL [Liberal Front Party]. The executive committee's secretary general, who is of the moderate wing of the party, Roberto Cardoso Alves, is also concerned about destabilization of the PMDB, which would involve not only fragmentation of the Democratic Alliance but also serious straits for the government. Sarney was also told this at the same meeting.

The PFL seems to be more pragmatic. It doesn't complain: it acts. The most probable prospect seems to be aggravation of the problems between the two parties that make up the alliance, after 15 November. From now until 15 November it is going to be very difficult for the two parties to march together in the municipal elections. The regional picture indicates that in most states the PMDB and the PFL are in opposition. The pragmatism of the PFL lies in the fact that it is now preparing to lead a large party of the center, which will be essential in case the existing coalition falls, to make the government feasible in terms of a political party. Such a party, a new structure to support the government, would be of conservative leanings, but not of the Right, according to Deputy Israel Pinheiro Filho (PFL-MG [Minas Gerais]), who does not desire the end of the alliance, but thinks it wise to take special precautions in the event of a disarrangement, which he thinks could result from the elections of this year or next. Meanwhile, the PFL leader in the Senate, Carlos Chiarelli, rejects the need to create a government party, because he does not believe that the Democratic Alliance will come apart.

As a matter of fact, negotiations for creation of such a large party are stalled for the moment, after an initial acceleration on the part of [Communications] Minister Antonio Carlos Magalhaes. This delay is not likely to end until after the PDS [Social Democratic Party] (to which Antonio Carlos Magalhaes belongs) convention in August. But the possibilities that the party will thrive are great, especially because one of its major advocates is Education Minister Marco Maciel, who, along with Aureliano Chaves, forms the duo of the PFL's top leaders. The new party would be born around the existing structure of the Liberal Front, which, according to the first vice president of the Chamber, Deputy Humberto Souto

(PFL-MG), would be strengthened by the addition of the anti-Maluf element of the PDS and the moderates of the PMDB.

#### Picture in Large Cities Not Encouraging

Brasilia--It has been said that the picture of the nation's political future will begin to be outlined with the outcome of the 15 November elections in the large cities, such as Rio, Sao Paulo, Recife, Belo Horizonte and Porto Alegre, which actually delineate the outline of national politics. The future of the Democratic Alliance will thus in large part depend upon the choice of the mayors of these state capitals. If that is so--and it is quite possible that it is--it appears that the alliance will not get there on its own steam. In four of these opinion-forming centers it is very difficult, if not impossible, to have an alliance candidate. Porto Alegre could be the exception, but even there things have become complicated and recently there is more talk of a PMDB candidate and a PFL candidate. The PMDB will run State Deputy Carrion Junior for mayor. The PFL, after vacillating for awhile about supporting the PMDB candidate (so that the alliance would have a candidate in Porto Alegre), will probably choose its own candidate this week to oppose Carrion.

In Rio, the impossibility of holding the coalition together is a certainty. The PFL will run Rubem Medina. As for the PMDB, it yet remains to be seen only whether the candidate will be Artur da Tavola, Sergio Cabral or Jorge Leite. In Sao Paulo the situation is more complex. The PFL is not likely to have a candidate of its own and its leaders continue to be importuned by the PMDB in pursuit of an agreement on the name of Senator Fernando Henrique Cardoso. But the regional president of the PFL, Federal Deputy Herbert Levy, although always talking about the respect he has for Senator Cardoso, has recently seemed more inclined to stick to the initial agreement with Janio Quadros: The PFL supports the ex-president now for mayor of Sao Paulo and receives from Janio support for Foreign Affairs Minister Olavo Setubal as governor next year.

A city where President Sarney is particularly desirous that the coalition function, Recife even so is unlikely to have a Democratic Alliance candidate. Jarbas Vasconcelos is likely to be the PMDB candidate, with the support of Miguel Arrais, Fernando Lyra and the great majority of the party. There remains the remote possibility of Deputy Sergio Murilo being the candidate. In any event, neither of them is likely to have the support of the PFL, which will form another coalition. In principle, there is some mention of former state deputy (cassated in 1969) Silvio Pessoa de Carvalho, as well as of former cabinet minister Armando Monteiro Filho, both of whom are local Brizola supporters, which means that they belong to the PDT.

Belo is the cradle of the Democratic Alliance, which was born from the so-called Minas Accord, sealed between Tancredo Neves and Aureliano Chaves. For this reason, a defeat for the alliance in the Minas Gerais capital would be more unwelcome than in any other city. But this does not prevent such a defeat from being a strong possibility. It is curious: Helio Garcia and Aureliano Chaves meet together solemnly and come out saying that the alliance must be preserved in Minas Gerais to be preserved nationally. A little later, Mauricio Campos, PFL candidate, supports the idea that the party must have a candidate of its own to consolidate

the liberal front. Meanwhile, the PMDB remains undecided among about 10 candidates. It is thus quite clear that there will not be an agreement and that the efforts (?) of Aureliano and Helio Garcia in their ceremonial meeting were useless.

#### Nationwide, Only Manaus Seals Accord

There is only one state capital in which agreement has been reached and a Democratic Alliance candidate chosen: Manaus, where Governor [of Amazonas] Gilberto Mestrinho managed to form a coalition slate. The candidate for mayor of Manaus will be Lt Gov Manuel Ribeiro of the PMDB, with the PFL's Aristides Queiros as candidate for deputy mayor.

There is also likely to be an agreement in Fortaleza and it is possible that there will be one in Sao Luis, given the involvement of President Sarney in Maranhao politics. Even so, the agreement in Fortaleza could come about through inertia, as Lt Gov Adauto Bezerra, of the PFL, who participates in an alliance government with Governor Gonzaga Mota, PMDB, is more concerned about maintaining his grass-roots support in the rest of the state and is thus traveling through the municipalities hoping to bring victory to the PFL in these cities. They say that this is the only reason he is willing to support Mota's candidate for mayor of Fortaleza, Federal Deputy Pais de Andrade. In Sao Luis, meanwhile, all that President Sarney's efforts managed to accomplish so far was to split the PMDB bloc down the middle: of the eight state deputies, four are with the alliance (Carlos Guterres, Luis Pedro, Nonato Lago and Freitas Filho) and four are against it. Deputy Carlos Guterres is the potential PMDB candidate for mayor of Sao Luis, with possible support from the PFL. This would sew things up in the Maranhao capital, as President Sarney wants, uniting the alliance parties in municipal peace. But there is one danger: that of Federal Deputy Eptacio Cafeteira--until now the only elected mayor of Sao Luis (1966) and a highly-respected name there--not conforming to this and becoming a candidate for the PFL, thwarting the coalition. In principle, Cafeteira is a candidate for governor next year, but inasmuch as he has run into stiff competition from the other federal deputy, Cid Carvalho, for the statewide post, he may settle for this lesser position.

In Joao Pessoa there is an agreement that may also permit the Democratic Alliance to survive there: Federal Deputy Carneiro Arnaud (PMDB) will be the candidate for mayor, with the support of the PMDB leader in the Senate, Humberto Lucena, and is likely to support Lucena for governor of Paraiba next year. Lastly--the accord is triangular, as will be seen--the two of them are to support current Governor Wilson Braga for the Senate in 1986. So far, the only voices raised against the agreement are those of federal deputies Joao Agripino (PMDB) and Tarcisio Buriti (PDS).

In Teresina the Democratic Alliance never put down roots. As in so many other places nationwide, the alliance here was never more than distant rhetoric, to be applied only on the national level--and even there it had credibility only in the mouth of Tancredo Neves. Despite everything, it is not impossible that the PMDB and the PFL will unite in the capital of Piaui to elect a mayor. But only optimistic persons such as the local PFL president, State Deputy Jose Lobao, are capable of viewing this as affirmative. What others see is everyone wanting to be candidate for mayor and no one wanting to run for deputy mayor,

In the two states of Mato Grosso the alliance is unlikely to succeed. In Mato Grosso do Sul there is still some possibility, in keeping with the efforts in this direction of Governor Wilson Barbosa (PMDB). But it is the other side of the scale, the PFL, that has created greater difficulties for an agreement in the Campo Grande election. In any event, according to Deputy Djalma Barros, PFL leader in the Legislative Assembly, there is good will--although in practice this good will is not very explicit. In Mato Grosso, meanwhile, things are complicated. The PFL is more likely to come to an agreement with the PDS of Governor Julio Campos for the municipal elections in Cuiba. The scrapping about federal positions, here as in so many other states, is what has created the greatest difficulties for consolidating the alliance regionally.

In Salvador it is definite: there will be no coalition between the PMDB and the PFL. The PMDB knows that it has 70 percent of the votes in the capital of Bahia and will insist upon running its own candidate. It remains to be seen who it will be, as the competition is heavy in advance of the convention. The PFL will not be content with being given the post of deputy mayor, and will thus run Federal Deputy Franca Teixeira to try to establish itself politically.

Curitiba is another state capital where it can be said that it is impossible that an agreement will be reached for a sole candidate of the PMDB and PFL to run for mayor representing the alliance. Throughout all the years of the 1964 regime the uncontested leader in Parana was ex-governor Ney Braga, with only one period of reversal. The PMDB of Governor Jose Richa thinks it fair at the moment to maintain at all cost the recently achieved leadership. The feeling is so strong on this point that Richa would certainly lose his control of the assembly if he were to make an agreement with the PFL. Nor would Ney Braga's PFL assent to an agreement, as any discussion would have to take into consideration other elections in the state, which would be bad for the party, according to its members: the PFL has an ample majority all by itself in the 10 municipalities that were classified as national security areas on the borders with Paraguay and Argentina.

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BRAZIL

CONFIDENTIAL GOVERNMENT STUDY CALLS FOR NEW MONEY IN 1985

Ministry, Bank Disagree

Rio de Janeiro O GLOBO in Portuguese 23 Jun 85 p 32

[Article by Ribamar de Oliveira: "Sayad Foresees Need To Obtain US\$3 Billion This Year"]

[Text] Brasilia--An agreement with the creditor banks on the foreign debt which does not call for obtaining "new money" this year would mean the loss to the country of gross international exchange reserves of about \$1.1 billion, according to an estimate contained in a confidential document being circulated at the Ministry of Planning. The study insists that new money will be needed this year, and the figure \$3 billion is mentioned.

If Brazil does not obtain new money in 1985, the Central Bank fund will be reduced from \$7.5 billion as of 31 December of last year to \$6.4 billion by next 31 December, while net reserves (the assets of the monetary authorities less their short-term obligations and those to the International Monetary Fund [IMF]), will drop from \$4.2 billion to only \$2.5 billion, according to the figures given in the study.

The Ministry of Planning document says that "this level of reserves is insufficient for a country in the process of renegotiating its foreign debt, and it should not under any circumstances be passively accepted by Brazil." In the view of the Ministry of Planning, "the maintenance of international reserves at levels consistent with the economic reality in a country provides a basic tool for the defense of its national sovereignty."

The study stresses that "any sovereign renegotiation, either with the creditor banks or with the IMF, should be based on a firm international reserve position." This is because otherwise, "under the pressure of a latent exchange crisis, the country might find itself forced to accept plans and terms unsuited to its interests."

Obtaining new money from the banks before 1985 ends, by avoiding the erosion of reserves, "would make it possible to maintain a more stable exchange position and would enable Brazil to undertake future foreign negotiations with greater independence and autonomy," the document says. It then goes on to propose that \$3 billion in new money be obtained in the course of this year.

This sum of \$3 billion, according to the Ministry of Planning document, "would make possible a simple maintenance of the real value" (taking inflation in the United States as a base) of the Brazilian debt on the international banking market, and would thus also mean a reduction in the relative "exposure" (ratio between loans and the banks' capital) of the banks, since their own capital base is increasing at a faster rate than dollar inflation.

The Ministry of Planning prediction that failure to obtain new money will mean a drop in the country's international reserves is diametrically opposite to the expectation Central Bank President Antonio Carlos Lemgruber has voiced. In a statement to the Commission for Congressional Investigations (CPI) in the Chamber concerning the financial system, Lemgruber said that the development of the nation's foreign accounts guarantees that Brazil will continue to make normal payment of the interest on the debt without risk of a drop in the foreign exchange reserves.

In adopting that position, the president of the Central Bank dismissed any need for the partial capitalization of interest payments (obtaining new money), which in his view would "only lead to an increase in the debt and would compromise future generations." Lemgruber does not believe in the need for new money, even to compensate for the presumed drop in foreign investment income and that from the resources of the International Monetary Fund and the World Bank.

The Ministry of Planning document also criticizes the multiannual agreement the creditor banks have proposed to Brazil, which calls for consolidation of the foreign debt falling due in the period between 1985 and 1991. The arrangement being negotiated by the president of the Central Bank would renegotiate debts totaling \$45.3 billion, with a payment period of 16 years and 7 years' grace.

PROJECTION OF NET INTERNATIONAL RESERVES AS OF DECEMBER 1985  
(in billions of US\$)

1. Net international reserves as of 31 December 1984	4.2
2. Variation in net reserves (2.1 + 2.2)	-1.7
2.2 Overall balance of payments result	-2.1
2.2 Monetization of gold	0.4
3. Net international reserves as of 31 December 1985 (1 + 2)	2.5
* Foreign assets of the monetary authorities less their short-term obligations and obligations to the IMF	

PROJECTION OF GROSS INTERNATIONAL RESERVES AS OF DECEMBER 1985  
(in billions of US\$)

1. Central Bank fund as of 31 December 1984	7.5
2. Variation in assets	-1.1
3. Central Bank fund as of 31 December 1985 (1 + 2)	6.4

(22 May 1985)

In the view of the Ministry of Planning, this multiannual agreement "will impose an accelerated rate of net transfer of resources to the international banking market on the country," since it does not provide for obtaining new money in the period between 1985 and 1991. The fact is that in the calculation of interest rates in the past, inflation was included, while they are now taken at their real value.

The Ministry of Planning study concluded with the statement that a transfer level of this magnitude would mean a reduction of the debt to the commercial banks of about 36 percent in the period between 1985 and 1991, in real terms, or 12.5 percent in nominal terms.

#### Level of Exposure Important

The government should negotiate a reduction in the rate of decline in the creditor banks' "exposure" with Brazil (ratio between the loan level and their own capital). This is one of the ideas being discussed at the Ministry of Planning in connection with the renegotiation of the foreign debt, according to a document with restricted circulation there.

The study notes that the central goal of the creditor banks in negotiating new money for Brazil this year is to reduce their commitment to countries with an excessive debt level. In other words, they want to reduce the ratio between the loans to countries in the so-called Third World and their own capital base. With this decline, the accounting position of the banks would be more stable and they would be less affected by the possibility of sudden interruptions in the flow of foreign resources.

The study does not challenge this argument, and even goes so far as to accept it as true. But it states that "the basic thing is to discuss the rate at which this relative reduction in 'exposure' should be effected." The registered capital of the American banks, according to the figures of the Federal Financial Institutions Examination Council, increased at an annual rate of more than 13 percent in the period between June of 1982 and June of 1984. If this growth should continue until 1991 for all of the creditor banks, it would result in an increase in their own base capital of 136.9 percent.

With the multiannual renegotiation being proposed to the Brazilian government, affecting credit totaling US\$45.3 billion falling due in the period between 1985 and 1991, the Ministry of Planning predicts that the relative "exposure," defined as the ratio between the credit granted to Brazil and the banks' own capital base, will have been reduced by 63 percent, assuming no new loans are obtained.

The document shows that obtaining at least \$3 billion in new money during the balance of 1985 would allow a mere maintenance of the real value of the Brazilian debt on the international banking market and would thus entail a reduction in the relative "exposure" of the banks, "since their own capital base is increasing at a rate in excess of inflation associated with the dollar."



The planning study also cites the cases of Chile and Ecuador, countries which have recently concluded negotiations with the banks and have obtained new money.

Chile obtained about \$750 million and Ecuador about \$200 million. The volumes of "new money" to be contracted for by Chile and Ecuador with the banks, on a compulsory basis, represent about 4 percent and 3 percent, respectively, of their total foreign debt volumes, the study says. In the case of Brazil, this percentage would be the equivalent of about \$3 million.

The document concludes that "obviously there is room for obtaining new money from our creditors, and a position of timid negotiation or omission concerning the matter is not justified." The study says that "it is perfectly possible to negotiate a reduction in the rate of decline in the relative "exposure" without affecting the viability of the implicit strategy of the banks and without imposing the heavy burden associated with the settlement of foreign accounts on the debtor alone."

#### Sarney Wants Reserves Maintained

Rio de Janeiro O GLOBO in Portuguese 24 Jun 85 p 13

[Text] President Jose Sarney believes that maintaining the country's international reserve level is one of the basic factors in negotiation with the creditor banks, the deputy press secretary at the Planalto Palace for economic affairs, Frota Netto, revealed yesterday.

Sarney believes that the country's current reserve volume (estimated at \$8.2 billion) is Brazil's best trump in the negotiations, allowing the government to exercise some bargaining power and to discuss an agreement with a high level of autonomy.

The Planalto Palace spokesman, commenting on the Ministry of Planning study published by O GLOBO yesterday, which predicts a reduction of \$1.1 billion in the reserves this year if the government does not obtain new money from the bankers, said that "this figure is exaggerated" and that no reduction of such a proportion in the reserves is foreseen in the government plans.

Frota Netto explained that the president of the republic did not state his views about obtaining new money this year, but he said that Sarney has already made it clear that he will not accept any clause in the agreement with the bankers excluding Brazil from the international financial market for the period between 1985 and 1991, the span of time covered by the multiannual renegotiation being discussed by Central Bank President Antonio Carlos Lemgruber.

Other government sources reported that the goal of the president of the republic is to make the Brazilian need for new money in the period between 1985 and 1991 implicit in the agreement. This intention on the part of the president derives, these same informants say, from his conviction that the resumption of the country's economic growth makes it essential to obtain new money in the coming years.

The first National Development Plan (PND) of the New Republic assumes that Brazil will again reach its historic rates of economic growth, in the 6 or 6.5 percent per year range. This plan has not yet been approved by Sarney.

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BRAZIL

PMDB INDEPENDENT LEFT, PTB SUPPORT ECONOMIC MEASURES

PMDB Faction

Rio de Janeiro O GLOBO in Portuguese 23 Jun 85 p 31

[Text] Brasilia--President Jose Sarney obtained the tacit support of the so-called independent leftist faction of the PMDB for his social pact project when, with a promise of secrecy, he revealed his strategy for renegotiating the foreign debt with the International Monetary Fund (IMF) and the bankers during a luncheon at the Jaburu Palace on Friday.

According to Deputies Joao Gilberto of Rio Grande do Sul, Francisco Pinto of Bahia and Joao Herrmann of Sao Paulo, the very fact that President Jose Sarney offered a guarantee that "he will not accept imposed rules or supervision here within the country" shows a "nobler" position than that of the preceding government.

"He indicated what is negotiable and what is not. He established the limits beyond which Brazil cannot negotiate," Joao Gilberto said, adding that he liked what he heard very much.

"Sarney's position reflects that of Brazilian society, because it is a very progressive position favoring the Brazilian people," Joao Herrmann said.

Also according to Joao Herrmann, President Sarney showed "great harshness and austerity on the subject of negotiating the debt."

The very fact that the IMF left the initial phase of the talks empty-handed shows in itself that something has changed, Joao Herrmann said.

Deputy Francisco Pinto reported that although President Sarney has made no commitment on the document submitted by the group of parliamentarians during the luncheon, he did "win the agreement of the group to support him in drafting the social pact" thanks to the statement of his "nonsubservient" position with regard to the foreign debt.

Although cautiously, because the government continues to lack a clearly defined economic policy, he agrees with much of what was said, mainly taking

into account that the preceding government was subservient, Francisco Pinto said.

#### Four Main Points

The main points in the strategy of Jose Sarney which were set forth by Deputies Joao Gilberto, Francisco Pinto and Joao Herrmann are the following:

1. Brazil does not agree to IMF inspection during the standby agreement, which will establish the parameters for the functioning of the Brazilian economy during the period during which the letter of intention is in effect.
2. The agreement will be effective for 12 or 18 months, involving the allocation of credit by the IMF in the amount of \$1.2 billion or \$1.6 billion to finance the current account deficit in the balance of payments. This year there will be only one payment, since the agreement will not be completed prior to July. This payment will be made one month after the end of each quarter of the agreement, and is conditional upon the fulfillment of goals established in advance. Brazil prefers the 18-month stand-by agreement.
3. Brazil wants to agree with the bankers on postponement of the payment of the part of the debt falling due prior to 1991, \$61 billion in all, of which \$45.3 billion is medium- and long-term credit and \$16 billion is short-term credit. The period covered should be 16 years, with 7 years' grace. During that period, Brazil will not accept the bankers' proposal that a "down payment" be made and that inspection (monitoring) by the IMF be allowed. Nor does it agree to a clause forbidding it to change the rules of its policy on foreign credit, which would be a violation of the country's sovereignty.
4. Brazil also wants to negotiate with the bankers a clause explicitly providing that if unexpected upsets occur in the foreign sector, with a rise in interest rates, a "special facility" will be made available. In other words, the banks would provide a credit line for financing the balance of payments. The bankers have already agreed to an average reduction of 1 percent in the interest rates currently being paid, thus reducing the cost of payments.

#### Dornelles Proposal

Rio de Janeiro O GLOBO in Portuguese 26 Jun 85 p 21

[Text] Brasilia--If the Secretariat for the Control of State Enterprises (SEST) and the National Economic and Social Development Bank (BNDES) had better control over the state enterprises, and if the Production Financing Commission (CFP) were more flexible in the placement of stocks, inflation could easily be contained. This statement was made by Minister of Finance Francisco Dornelles yesterday during a luncheon with Brazilian Labor Party (PTB) deputies and senators.

The party indicated total support of the economic measures adopted to date by the government and its leader in the Chamber, Gastoni Rhigi of Sao Paulo. It suggested cuts in the personnel of the state enterprises, claiming that

without this, it will be impossible to reduce the expenditures of these enterprises.

According to that deputy, he was told during a meeting with former minister of planning Delfim Netto in 1982 that the public administration had added 500,000 government employees in that year, for electoral reasons. Righi emphasized that if all of the employees of the state enterprises were to come to work at the same time, there would not be room enough for them.

"We do not favor public parasites."

During the luncheon, at which once again the menu was modest--filet, cauliflower, water and tomato juice--Dornelles announced, the deputy said, that the government will need to initiate cuts in the expenditures of the state enterprises within 15 days, for otherwise, the public financing situation will become disastrous.

The minister also spoke about the renegotiation of the foreign debt, stressing that it is necessary to conclude the agreements with the International Monetary Fund and the banks, in order then to contemplate the possibility of asking for new loans. Dornelles voiced the expectation that with the preferential American interest rate (prime rate) dropping, Brazil will negotiate an excellent agreement with the creditors.

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BRAZIL

## GOVERNMENT SEEN TO BE LOSER IN TWO INFLATION FORECASTS

Rio de Janeiro O GLOBO in Portuguese 26 Jun 85 p 21

[Text] Brasilia--Given the two projections of inflation with which the government is working this year, monetary and exchange corrections would remain well above prices. For example, according to a source in the government economic sector, if the figures in either one of the hypotheses were borne out in practice, those with funds in savings accounts and/or public bonds, as well as exporters, would show real gains well above inflation. This source adds that it would be the government which would be the loser, with the need to provide higher remuneration for its paper.

If the first hypothesis, postulating an annual rate of 171.1 percent for 1985, proves correct, the monetary and exchange correction would come to 196.5 percent, or 9.36 percent above inflation, a percentage representing the real gain, excluding that resulting from interest rates.

If the second hypothesis is borne out, with a rate of 182.3 percent by the end of this year, the monetary and exchange corrections would come to 203.6 percent, i.e., yielding a real gain of 7.54 percent, excluding the computation of gains from interest.

These estimates were made on the presumption that the government should not alter the current formula for calculating monetary and exchange corrections, as established last March by the Central Bank. According to this formula, corrections are calculated on the basis of the geometric average of the last 3 monthly rates of inflation.

If the government actually succeeds in making one of the hypotheses projected for this year a reality, the budget for the state enterprises will have to be revised. That budget was established by the Secretariat for the Control of State Enterprises (SEST) on the basis of a 207.6 percent rate of inflation for 1985, which was the initial expectation of the New Republic.

If the real rate is 171.1 or 182.3 percent by the end of the year, the SEST will have to reestimate the expenditures of these enterprises on costs and investments. With one single difference--for the first time since the SEST was established, the revision of the budget will be downward.

If either of the two projected annual rates is borne out, the federal budget will also have to undergo some changes, with the shifting of resources from one account to another, to the extent that it too was estimated on the basis of the initial expectation of 207.6 percent.

#### Real Gains Given the Two Hypotheses

<u>Hypothesis</u>	<u>1985 Inflation</u>	<u>Monetary and Exchange Correction</u>	<u>Real Gain</u>
1	171.1%	196.5%	9.36%
2	182.3%	203.6%	7.54%

The projection of inflation at 171.1 percent for the end of the year means that a product costing 100,000 cruzeiros on 31 December 1984 would cost 271,100 cruzeiros at the end of this year. Given this first hypothesis, the monetary correction would result in a final figure of 296,500 cruzeiros, and thus a difference of 9.36 percent (25,400 cruzeiros). Given the second hypothesis, the price of the product would become 282,300 cruzeiros, thanks to inflation. Monetary correction of the figure, however, would increase it to 303,600 cruzeiros, yielding a gain of 21,500 cruzeiros, or 7.54 percent, for those providing the funds.

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BRAZIL

# DORNELLES DISSATISFIED WITH ECONOMIC POLICY IMPLEMENTATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jun 85 p 30

[Article by Carlos Chagas]

[Text] When the formal invitation was issued to Francisco Dornelles to be his minister of finance, something which was carried out almost subliminally, very much in his own style, Tancredo Neves suggested the following to his nephew:

"On the first day of my government, take the key to the state coffers and fly to New Delhi."

"To New Delhi?"

"Yes, but you don't need to stay there, no. Come back the same day. Only while you are flying over the Indian Ocean, ask the pilot to open a window and throw the key in the water. Down below."

When he asked if this was the only suggestion, Dornelles was told that it was not. He was also advised to buy the best pair of scissors on the market, even if he had to go to Itu for the purpose.

"What for?"

"So that you can go from state to state cutting as much as you possible."

This was, generally speaking, the first phase in the economic and financial policy of the New Republic, which probably will last throughout all of this year. It represented the "no spending" prohibition in the document drafted by the president-elect for his cabinet, which was in the end read by his substitute and later successor. Locking the coffers and cutting expenditures with a view to reducing the inflationary process--this was the slogan. The new minister of finance was very pleased, because apart from the unpredictable images his uncle was accustomed to use, he urged nothing else.

With the unexpected event which occurred on the early morning of 15 March, everything was topsy-turvy, but the first containment measures were adopted by Dornelles 3 days later, with the support of Jose Sarney. And they were effective, despite the impact. Inflation began to decline. Then practical



adjustments began to be made, since the cabinet, under the interim and, subsequently, definitive president, did not conduct itself in the same way as it would have under Tancredo Neves.

Many ministers who would have accepted decisions even contrary to their political and doctrinary positions without blinking felt strong enough now to weigh and challenge. Party pressures developed, and immediately there began to be exceptions to the theory of the key and the scissors. It is not a question of blaming anyone, much less Jose Sarney; it was rather a situation created by the dictates of circumstance. And one which has disappointed Dornelles, although it has not destroyed his determination to continue the fight.

Tancredo's idea was based on iron application of the principle which says that the government is not a dairy cow. Those of the private enterprises in a bad situation or difficulties should extricate themselves. The vast injections of public resources to correct the results of poor administration and even negligence would not be repeated. Similarly, in the case of the state enterprises, they needed to change their position. Their losses, their dictatorial demands for foreign loans, their special deals and lack of realism would no longer be paid for out of public funds.

The problem is that exceptions began to be made. Just yesterday the government announced a drastic cut in the federal budget, about 25 percent, which is the equivalent of approximately 4 trillion cruzeiros. The Ministries of Welfare and Social Security, Education and Health will suffer more than the others. In other words, the social sector will be basically affected. How then can we explain the fact that in recent weeks, the government has released no more and no less than 3 trillion cruzeiros to deal with the grievous situations of the Sulbrasileiro and other banks? Where is the consistency and rigidity which are indispensable and in accordance with the decision to toss the key to the public coffers into the Indian Ocean?

Parallel with this, the cuts in state expenditures appear not to have moved from words to deeds. Just recently Aureliano Chaves ordered Paulo Richer, secretary general of the Ministry of Mines and Energy, to be adamant, but the truth is that the orders from the top have not reached the front line. They are lost in the winding corridors of bureaucracy and fall on deaf ears. During this month of June, at least 1,000 state employees are traveling abroad, very much the same as what happened under the Old Republic. The wide variety of pretexts and reasons is the same as always, be it to negotiate contracts, follow up projects or bargain for loans. All in dollars.

The directors and presidents of the state enterprises, with some exceptions here and there, have continued to live like nabobs, particularly in Brasilia. While the ministers and secretaries general have abandoned their Lago mansions, unable to cover the costs for which they would now be responsible, the privileged heads of the state enterprises continue to play tennis and drink whiskey paid for out of the exchequer, while living in country houses which make the mansions look like thatched huts. Nothing has changed, or very little has, in this regard, as the ministers themselves, whose hands are tied and who are in no position to impose moral guidelines, admit.

In brief, the coffers are not locked, but are opening more, as in earlier days. The Rio Grande do Sul legislative bench cracked the safe, obtaining almost a trillion cruzeiros to pay for the consequences of misappropriation, the worst sort of management and even embezzlement of public funds for which the former directors of Sulbrasileiro were responsible. What state legislative bench would now feel reluctant to ask for the same in similar cases which have occurred or may occur in their states? The allocation of resources yields immediate electoral dividends, particularly in a year in which the prefects of the capital cities will be elected by direct ballot. And what about the period preceding a year in which congressmen will be up for reelection?

Minister Dornelles is saying nothing, not even in protest, but he is dissatisfied with the direction of the process. He is clearly disillusioned. He continues to have the full support of President Jose Sarney, but he feels that the situation has changed. He is no longer now the implementing arm of a policy of iron containment. Before each step to be taken, he needs to mount the invisible rostrum at the cabinet meetings, growing hoarse in defense of his theses. Sometimes he is voted down. He invites multitudes of parliamentarians to lunch with him or to come to his office, explaining in detail the serious option of the moment--containment or hyperinflation. They all agree and bow to the cold fact of the figures, but on departing, none of them feels inclined to proclaim the need. After all, they are candidates for reelection...

Despite the rise in temperature, there is no reason to expect an impasse or a confrontation. Dornelles has submitted his resignation to President Sarney only once. This was just after the funeral ceremonies for Tancredo Neves, when he believed it was his duty to join in the collective gesture made a short time previously by the minister of justice on behalf of the cabinet. His was a special situation, but he had barely completed his statement when Sarney counterattacked, saying that if he was planning to leave, he should wait a minute, so that they could leave together. His intention is to continue to accept the challenge. He voices no criticism of his colleagues in the cabinet, those who make up the spenders' bloc. He has even praised Minister of Planning Joao Sayad, with whom he is engaged in constant dialogue, despite the fact that they support different doctrinary concepts. But, according to individuals close to him, he is frustrated and fearful. Either the strategy of containment will be fully implemented or, within a few months, control of the inflationary process will be lost. We will again become an Argentina, on a much larger scale. The prospects still continue to be good, since it is estimated that inflation may be kept to 182 percent this year, but everything depends on what happens between now and September. On definitions and choices.

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BRAZIL

BC ANALYZES FIRST TRIMESTER ECONOMIC PERFORMANCE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jun 85 p 47

[Article by Maria Cecilia Teixeira]

[Text] The Central Bank (BC) released the seventh edition of the report entitled "Brazil--Economic Program" on the 31st of last month. It analyzes the development of the Brazilian economy during the first quarter of this year. According to this document, the government succeeded, by the end of March, in reversing the acceleration seen in February in the rate of increase in the monetary base, with a decline in the variation of the aggregate over 12 months from 266.6 percent to 253.2 percent. The payment resources balance showed an increase of 11.1 percent for the quarter, with a 12-month index of 205.7 percent.

Heavy inflationary pressures still continued during the period, with a rate of increase in prices reaching 234.1 percent for the 12 months ending in March. However, a substantial gain was seen in April, when the rate of inflation was 7.2 percent, the lowest in the past 23 months, reducing the cumulative variation for the 12-month period to 228.8 percent. The high inflationary rates contributed to the increase in the financing needs of the public sector, such that it showed a small deficit in operational terms.

The trade balance showed a surplus of about US\$2 billion in the first 3 months of the year. Although current transactions produced a deficit of US\$1.4 billion, a small surplus was achieved in the balance of payments due to the net influx of nonbanking resources. Net foreign debt expenditures showed an increase of only US\$111 million. The net international reserves of the country increased from US\$4.242 billion last 31 December to US\$4.309 billion as of 31 March of this year.

Domestic Adjustment

During the first quarter of this year, the nominal flow of financing needs for the public sector reached 46.977 trillion cruzeiros, 46.758 trillion cruzeiros (99.5 percent) of which was of domestic origin and 219 billion cruzeiros (0.5 percent) of foreign origin. The main portion of domestic financing was absorbed by the central government, in the amount of 18.311 trillion

cruzeiros. A total of 19.765 trillion cruzeiros pertained to the net increase in the floating debt and 4.062 trillion cruzeiros were allocated for the expenditures of the monetary authorities, while the net resources of 5.310 trillion and 206 billion cruzeiros, respectively, came from fiscal income and other operations.

In operation terms, the results of the first quarter showed a deficit of 2.586 trillion cruzeiros, of which 2.367 trillion represented domestic resources. The deficit was basically explained by the combination of resources allocated to the state enterprises (2.354 trillion cruzeiros) and the state and municipal governments (1.433 trillion) and the surplus localized in the central government (1.525 trillion cruzeiros).

The financial operations of the national treasury showed a surplus of 3.784 trillion cruzeiros for the quarter. Income obtained during the period came to 19.387 trillion cruzeiros, a real decline of 3.6 percent. The largest volume of treasury resources came from the income tax, totaling 9.476 trillion cruzeiros net (48.9 percent of total income). Of this sum, 521 billion cruzeiros represented restitutions. A total of 3.351 trillion cruzeiros came from the IPI [manufactured goods tax], and of this sum, 1.045 trillion cruzeiros were returned to the taxpayers. The IOF [financial operations tax] accounted for 953 billion cruzeiros, representing a real decline of 3.9 percent. The treasury tax came to 15.603 trillion cruzeiros during the quarter, down 19.7 percent from the figure reported for the comparable period in 1984.

#### Public Debt

The federal floating public debt balance was 133 trillion cruzeiros at the end of March, reflecting a real increase of 5.3 percent over the figure reported for December 1984. Of this total, 127.2 trillion pertained to ORTNs [National Treasury Readjustable Bonds] and 5.8 trillion to LTNs. The stock of paper unrelated to the monetary authorities totaled 72.5 trillion (54.5 percent).

The monetary base balance showed a shrinkage of 2.2 percent in January, an increase of 19.0 percent in February, and again a shrinkage of 0.2 percent in March. Also in March, a reversal of the trend toward acceleration seen earlier in the rate of their variation over 12 months began, with a decline from 266.6 percent in February to 253.2 percent by the end of the quarter.

As to the means of payment, preliminary figures show a quarterly increase of 9.1 percent with a 12-month rate of 205.7 percent. In average terms, the March expansion (8 percent) showed a lower level than that reported in the comparable month last year (9 percent). Also, the 12-month rate dropped from 198.9 percent in February to 196.1 percent, reversing the trend toward acceleration which began in November of 1984.

#### Credit

At the end of March, loans from the financial system to the private sector showed an estimated balance of 260.4 trillion cruzeiros, representing a 30.8 percent increase for the quarter and a 219.4 percent increase for the 12-month

period. In the loan structure, the complex of real estate credit companies and savings and loan associations was the most representative factor in terms of the funds paid out of the nonmonetary system, with a balance of 36.4 trillion cruzeiros (14 percent), followed by economic funds (13.9 percent), investment banks (10 percent), and the BNDES [National Economic and Social Development Bank] (9.9 percent).

5157

CSO: 3342/206

BRAZIL

## CAUSES, IMPACT OF 13 PERCENT RISE IN MONEY SUPPLY DISCUSSED

### Exceeds Central Bank Estimates

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jul 85 p 20

[Text] Brasilia--The expansion of the monetary base was 13 percent in the month of June and 208.6 percent for the latest 12 months, demolishing the optimistic forecasts of the Central Bank, which expected no more than 10.1 percent for the month and 200 percent for the 12-month period. The main cause of the expansion, which meant issuing 20.43 trillion cruzeiros, was the increase of the Bank of Brazil's demand deposits, which were 997 billion cruzeiros this month compared with 1.61 trillion cruzeiros from January to June.

Preliminary data, estimated on the basis of a sample of 19 banks, show that the money supply reached rates of 18.1 percent in the month and 235.9 percent in the latest 12 months. In average terms, the variable showed an increment of 13.1 percent in June, with a 12-month rate of 213.7 percent. Growth in the first half of this year was 53.7 percent for the end-of-the-month position, and 56.1 percent in average terms. According to the BC [Central Bank], the change in the money supply in June was greatly influenced by the settling of semiannual accounts, with some banks showing exceptional growth in attracting demand deposits, especially on the last day of the month. In reference to the monetary base, which, according to the BC, "showed signs of distinct acceleration, if compared to the 3 preceding months," there was expansionary pressure. Operations related to the external sector meant an additional 3.4 trillion cruzeiros as a result of the behavior of the trade balance and payment of foreign obligations.

Disbursements to service operations of interest to the federal government, especially in marketing of agricultural products, which represented another 1.53 trillion cruzeiros, in addition to IAPAS [Institute for the Administration of Social Assistance and Welfare] benefit payments of 310 billion cruzeiros, were also mentioned as causing pressure. BB [Bank of Brazil] loans, mainly for the rural and exporting sectors, absorbed 2.8 trillion cruzeiros of additional funds.

To prevent the monetary base from expanding even more, the government used two mechanisms: transactions with government securities, with 3.3 trillion cruzeiros entering the public coffers, raising to 15.3 trillion cruzeiros net inflow via the open market in the first half of the year. It also used infusion of National Treasury funds, which reached 1.2 trillion cruzeiros in June. The amount of tax

funds available to the monetary authorities in the first half of the year was 12.5 trillion cruzeiros. The Central Bank urges strong sales of government securities and believes an additional effort is essential in the second half of the year, especially in control of public expenditures, so that the monetary base does not explode once and for all.

#### Economic Authorities Meet

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 85 p 22

[Text] Brasilia--Cabinet members of the economic area--Finance Minister Francisco Dornelles and Planning Minister Joao Sayad--met last evening to analyze the consequences of the 13 percent expansion of the monetary base in June, which raised the expansion for the latest 12 months to 208.6 percent, jeopardizing the goal of restricting money-supply growth to 150 percent during 1985, as worked out with the IMF. The cabinet ministers also analyzed the possibility of making up for the lost time as early as this month, which would result in a tighter squeeze.

One of the items analyzed at the meeting of the ministers was the July cost-of-living readjustment for public employees, which will require an infusion from the federal tax budget of 4.2 trillion cruzeiros to complement the payroll, which will reduce what is available to transfer to the monetary budget. However, the federal budget had a surplus of 12.5 trillion cruzeiros in the first half of the year, according to Jose Teofilo, secretary of finance and budget in the Finance Ministry, who was present at the meeting. The transfer from this budget to government financial obligations last month was 1.22 trillion cruzeiros, according to Teofilo.

Expansion of the monetary base beyond the desired limit is quite disturbing to the cabinet ministers of the economic area, as it is the first complication of the arrangements with the IMF, which is sending a mission to Brazil this month. The president of the Central Bank, Antonio Carlos Lemgruber, who also attended yesterday's meeting, announced that he will go to New York next Tuesday to report to the creditor banks on last week's "economic package," which cut the budget of state enterprises by 28.6 trillion cruzeiros and consolidated tax collections of 15 trillion cruzeiros, through advance collection of taxes. In leaving, Minister Joao Sayad said that the contribution of the fiscal budget to cover the public deficit in June was less than expected. The Finance Ministry reported that one of the reasons for expansion of the money supply was the accumulation of government payments, which fell due in the month of June, creating hope that in July the situation will be relieved.

#### More Government 'Firmness' Urged

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 85 p 22

[Editorial: "A Disturbing Expansion"]

[Text] The difficulty of controlling the monetary base continues to be extremely disturbing for the monetary authorities. The results obtained in the first half of this year are not being considered satisfactory, and it could not be otherwise. After all, the risk of greater pressure on inflation increases as a function of

such lack of control. But what aggravates the situation is the probable persistence of important factors in expansion of the base, which requires a still more drastic stance on the part of those who execute economic policy.

As a matter of fact, the latest set of measures intended to reduce public expenditures ended up with insufficient impact in view of the magnitude of the public deficit. The government decided to make greater use of fiscal policy rather than to make deeper cuts in its expenditures. Clearly, this should result in some shrinking of the money supply. But it cannot be forgotten that the authorities also decided to resort to issuing currency to finance part of the remaining public deficit. In this sense, the effective cut in expenditures was less than necessary, and the consequences will be virtually inevitable.

There will be a need for selling more government securities, which will tend to increase interest rates, which have been kept under a certain amount of control recently, although still at very high levels. This means that increased tax revenues must be achieved without further delay, even if business firms are affected in their respective financial flows. The pressure on balances obtained from foreign trade can hardly be avoided. There thus remains the accelerated collection of taxes, especially since the government refuses to bring about more substantial cuts in its expenditures.

It should be noted that the supporters of a more expansionary monetary policy have no room to complain, in view of the figures shown so far. On the contrary, they should acknowledge that the expansion of the base is precisely the result of a public deficit that is out of control. The government will have to resort to changes in the mechanisms for deposits in foreign currency to avoid the risks of an even greater increase in the second half of the year. Even so, it is feared that the root of the problem is not likely to be affected.

Such conduct, in terms of economic policy, whether viewed from the fiscal or the monetary angle, is at the bottom of the difficulties currently faced in negotiations with the International Monetary Fund. After all, the image that our creditors have at the moment is that of an insecure government team that speaks with several voices and makes decisions under pressures of the most varied shades. There is no lack of incidents to illustrate the climate of indecision that reigns among ministries, some of them decidedly unconcerned about controlling inflation, the monetary base and public expenditures. It is as if they were advocating the famous "corrective inflation" in reverse, that is, without any prospects of better results after the storm.

Even secondarily, the risks of a more rapid growth of the monetary base are grave. There are prices--mainly in the industrial sector--that are still repressed and that are bound to be changed. A small amount of relief may come about now that the crop year is over and the government will begin depleting its stocks. But this is virtually the only element that can provide relief in the short run. Unless another look is taken at public expenditures. It seems unlikely that this will happen, although it would be desirable, besides being necessary. After all, we still do not have the necessary tranquility in regard to external accounts, and this factor is sufficiently disturbing to justify a firmer position on the part of the government.



BRAZIL

PIRES ON MILITARY POSITION TOWARD LEFT, REVANCHISM

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 85 p 6

[Excerpt] "Democracy presupposes coexistence with all opinions," Gen Leonidas Pires Gonçalves, army minister, said in Sao Paulo yesterday, in regard to the position of the military toward parties of the Left. But he added: "Coexistence, however, does not mean agreement. It may even be an opportunity for one to criticize and combat, freely and harshly, what he does not agree with."

In his first official visit to Sao Paulo, the army minister conversed freely with newsmen in the main hall of the Ibirapuera headquarters, accompanied by the generals who command the II Army, the 2nd Army Division, the 2nd Military Region, the Santos Artillery Division, the 11th Armored Brigade of Campinas and the 12th Infantry Brigade of Paraiba Valley.

He had arrived at 9:30 am at Congonhas airport; from there, with an honor guard, he went to II Army headquarters, where he was received by the commander of the unit, Gen Sebastiao Jose Ramos.

Without Revanchism

"Revanchism is an attempt to get even based upon politico-ideological matters. And this is buried." With this phrase, the minister concluded his remarks about the Baumgarten and Mario Eugenio cases, for him, "deplorable problems, pure criminality and a case for the police," hence not included in his definition of revanchism.

Nor does the opening of the secret files of the National Intelligence Service (SNI) to any interested party, according to a bill now under consideration by the National Congress, disturb Gen Leonidas Gonçalves. Pointing out that the minister-chief of the SNI has already expressed himself on the subject, he noted that "the decision is in the hands of the government and, if the government so decides, the files will be opened."

Always keeping within the bounds of respect for established rules, the general said that at the moment there is no possibility of the nation sending troops to the Nicaraguan border, because this could only be considered at the request of "the international bodies to which Brazil belongs, such as the Organization of American States or the United Nations. We cannot send anyone abroad at the request of informal bodies."

The army minister expressed himself enthusiastically about the action of the First Army, in Rio de Janeiro, where the whole hospital structure of the First Army was made available to the public because of the strike of state and social-security physicians. In case of need, he said, the same thing could happen in Sao Paulo: "One of the missions of the army is to act for the benefit of the community whenever times of crisis arise."

8834

CSO: 3342/224

BRAZIL

ONLY 23 PERCENT INFORMED ON CONSTITUENT ASSEMBLY ISSUE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jun 85 p 4

[Text] More than a half of the population (77 percent, to be specific) will not participate in the celebration President Jose Sarney is planning for today, when he signs the message sending to the congress the amendment convoking the National Constituent Assembly for November of next year. According to the results of a study carried out by the Gallup Public Opinion Institute between 25 May and 9 June, that is the number of Brazilian citizens who do not know what a constituent assembly is. Of this number a majority of 55 percent has never even heard the matter discussed, while the other 22 percent, while they have heard mention of it, do not know what it involves. There remains, therefore, a scant 23 percent of the citizens, members of the upper classes, who know what a constituent assembly is.

For the purposes of the study, Gallup interviewed 2,740 individuals distributed in 180 cities in 21 states, representing the various social classes and educational levels. The results show that lack of information about the Constituent Assembly, although it affects the population overall, is most notorious in the lowest social classes, in which those individuals with the lowest educational level are to be found. The following are the figures: while 60 percent of the Brazilian citizens in category A know what a constituent assembly is, only 11 percent of those in category D and E are informed about this matter. In category A, only 17 percent do not know what a constituent assembly is (23 percent have only heard it mentioned), as compared to 72 percent in categories D and E (17 percent also have only heard it mentioned). In categories B and C, 44 percent and 24 percent, respectively, know about this matter, 29 percent and 25 percent have heard of it, but do not know what it is, and [illegible] and 51 percent are totally uninformed about it.

The same is the case in terms of educational levels, since 65 percent of the individuals with a higher educational level are familiar with the matter, as compared to only 9 percent of those who completed the old primary course. Those with higher level education who are unfamiliar with the subject total only 15 percent, while the figure reaches 74 percent for those with primary schooling (those who have only heard it mentioned total 20 percent and 17 percent, respectively). Among those with secondary level education, 24 percent are familiar with the matter, 26 percent have heard something about the Constituent Assembly, and 50 percent know nothing at all about it.

This picture, according to the Gallup study, leads to another conclusion. Of the Brazilians knowledgeable about the Constituent Assembly, 26 percent are to be found in the Southeast region. On this point, however, the differences are not so acute, since 19 percent of the people in the South, 22 percent of those in the Northeast, and 22 percent of the residents in the North/Center-West region have that same level of knowledge. Total ignorance, moreover, is practically the same in the South and Northeast, characterizing 61 percent and 63 percent of the population, respectively, while the figure for the Southeast is 49 percent and that for the North/Center-West region, 57 percent. As to the number of Brazilian citizens who have only heard the Constituent Assembly mentioned, the greatest difference was between the Southeast and Northeast regions (25 percent and 15 percent), while the other regions were practically tied--20 percent for the South and 21 percent for the North/Center-West.

#### Those Who Are Knowledgeable

If the percentage of Brazilian citizens who are informed about the Constituent Assembly (23 percent) is low, at least the study yielded one encouraging figure. Of these people, 92 percent are in favor of convoking a constituent assembly, and there were moreover no major differences from one social class to another, or even one educational level to another. Only 4 percent of the Brazilians knowledgeable about the Constituent Assembly are against convoking it, and they are tied with those with no opinion (also 4 percent). The study concluded, therefore, that nine out of 10 Brazilians who know what a constituent assembly is fully support its convocation. This position is characteristic of the entire country, since the percentage differences among the regions are minimal.

Gallup also asked this knowledgeable 23 percent whether the National Constituent Assembly will help to resolve the problems of the country (a great deal or a little) or if it will accomplish nothing. The figures show that the well-informed Brazilian citizens place great hope in the Constituent Assembly, since 42 percent of them believe that it will help greatly to resolve the national problems, while 39 percent believe it will help a little. Those who think it will not help at all represent only 7 percent (however, 12 percent had no opinion to express).

The differences between the social classes and educational levels in this case were also rather unimportant, but it is a fact that individuals with greater purchasing power (46 percent) and a higher educational level (47 percent) expect more of the Constituent Assembly, believing that it will help greatly to resolve the problems of the country. In categories D and E this confidence is somewhat less (41 percent), and this trend is reflected among individuals with primary education (44 percent).

The study further revealed an interesting fact: it is precisely in category A that the individuals with least faith in the Constituent Assembly are to be found (14 percent). In their view, convoking it will not help to resolve the current problems of the nation. This index is very low for categories D and E (4 percent) and is slightly higher for category B (7 percent).

JÁ OUVIRAM FALAR ... (1)	TOTAL NACIO NAL (6)	(7) CLASSE				(8) INSTRUÇÃO			(9) REGIÃO			(16) NOR TE/ CEN TRO- OES TE
		A	B	C	D/E	(10) PRIM	(11) SEC	(12) SUP	(13) SUL	(14) SU- DES TE	(15) NOR DES TE	
	Z	Z	Z	Z	Z	Z	Z	Z	Z	Z	Z	Z
- e sabem o que é Constituinte (2)	23	60	44	24	11	9	24	65	19	26	22	22
- mas não sabem o que é Constituinte (3)	22	23	29	25	17	17	26	20	20	25	15	21
Ainda não ouviram falar em Constituinte (4)	55	17	27	51	72	74	50	15	61	49	63	57
TOTAIS (5)	100	100	100	100	100	100	100	100	100	100	100	100

Key:

- |  |                       |
|--|-----------------------|
| 1. Have already heard of it                              | 8. Educational level  |
| 2. --And know what a constituent assembly is             | 9. Region             |
| 3. --But do not know what a constituent assembly is      | 10. Primary           |
| 4. --Still have not heard about the Constituent Assembly | 11. Secondary         |
| 5. Total   | 12. Higher            |
| 6. National total  | 13. South             |
| 7. Category  | 14. Southeast         |
|  | 15. Northeast         |
|  | 16. North/Center-West |

5157

CSO: 3342/210

BRAZIL

SARNEY PERFORMANCE DEEMED FAIR BY 42 PERCENT IN SAO PAULO

Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Jun 85 p 5

[Text] President Jose Sarney's performance in his first 3 months of government was termed "satisfactory" by 42.2 percent of the population in Sao Paulo, according to a scientific sampling made by FOLHA Research this week. Generally speaking, the evaluation was not unfavorable, since the percentage with a positive view (9.9 percent found his performance "excellent" and 35.5 percent termed it "good") exceeds the negative percentage (3.6 percent said "bad" and 1.3 percent said "very bad"), while 7.7 percent had no opinion.

As was to be expected, the image of the president who was elected but died before taking office, Tancredo Neves, affected the judgment made by those interviewed of the Sarney government. In the view of 26.2 percent, Sarney is faithfully following the plans set forth by Tancredo Neves, while the majority (55.6 percent) believes that he is following them only in part. Only 9.9 percent believe that Sarney is not carrying out the plan outlined by Tancredo Neves.

When the specific question on evaluating the Sarney government is combined with the question as to whether he is following the plans of Tancredo Neves, a diagonal effect is obtained. In other words, there is a strong correlation between the assessment of the Sarney government and what is thought of his conduct in connection with the plans drafted by Tancredo Neves.

It is possible to read the figures in the following fashion: excellent performance for Sarney equals total adherence to the plans of Tancredo Neves; good or satisfactory performance by Sarney equals partial adherence to the plans of the president-elect; bad and very bad performance by Sarney equals failure to follow the plans of Tancredo Neves. Although this trend may grow weaker with the passage of time, it is still strong enough today to affect the assessments of the presidential performance.

Also worthy of evaluation is the study made by FOLHA Research when the Sarney government had been in office a little under a month (10 April 1985). When it is compared with the study this week, it is clear that generally speaking there has been a positive increase in the image of the president. There was a 0.4 percent increase in the "excellent" category and an increase of 9.5 percentage points in the "good" category. There was also a positive development

of 14.2 percent in the "satisfactory" category. There was a drop in the negative categories, for "bad" (down 0.1 percent) and "very bad" (down 1 percent). And far more people feel justified in giving an opinion, since the percentage of "don't know" dropped from 26.7 percent to 7.7 percent.

#### Data on Survey

The planning and scientific direction of FOLHA Research are the responsibility of Dr Reginaldo Prandi, a professor of sociology in the Department of Social Sciences at the University of Sao Paulo. This study, coordinated by sociologist Antonio Manoel Teixeira Mendes, was carried out by Data-FOLHA. The wording of the questions and the interpretation of the results were the responsibility of the editorial staff.

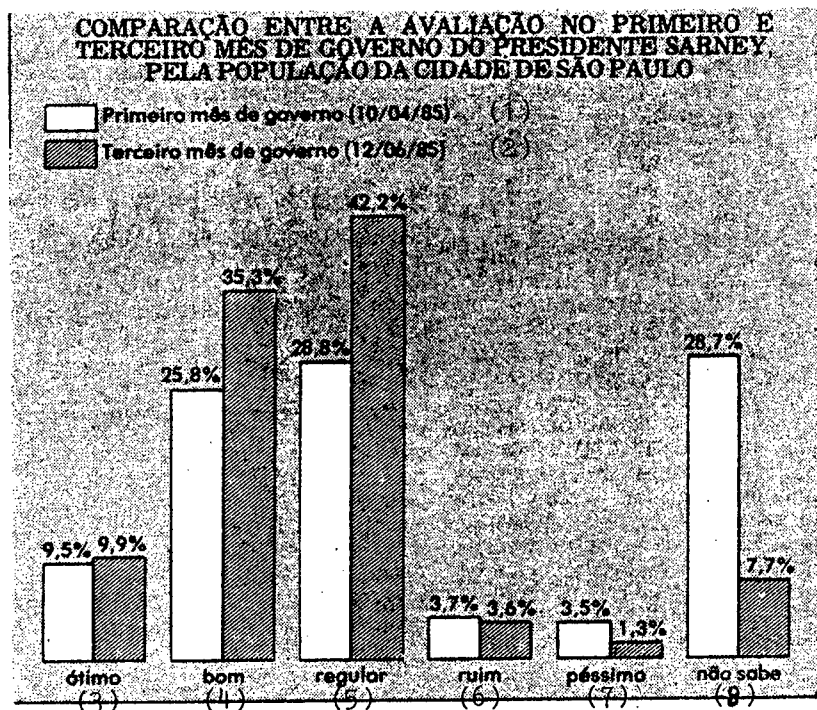
#### How Do You Assess the Performance of President Sarney During These 3 Months of Government?

(1)												(5)				(6)				(7)				TOTAL	
(21)	(2)			(3)			(4)			TOTAL	(13)	(14)	(15)	(8)	(9)	(10)	(16)	(7)	(18)	(19)	(20)	TOTAL			
	(8)	(9)	(10)	(8)	(9)	(10)	(11)	(12)		%	%	%	%	%	%	%	%	%	%	%	%				
(22)	3.0	7.0	19.5	3.0	6.5	13.5	11.2	8.6	9.9	12.4	7.8	8.9	3.0	6.8	16.5	20.8	16.6	8.4	4.7	11.2	9.9				
(23)	39.0	34.0	33.5	38.0	34.5	36.0	34.8	35.8	35.3	36.3	35.9	31.5	38.5	34.3	34.8	41.7	38.6	37.9	32.3	28.4	35.3				
(24)	43.0	45.0	34.5	50.0	47.0	38.0	40.4	44.0	42.2	40.1	43.5	44.0	46.5	46.0	36.2	12.5	33.4	43.5	49.6	44.1	42.2				
(25)	5.0	6.0	3.5	3.0	2.5	2.0	4.8	2.4	3.6	2.4	3.3	7.2	4.0	4.2	2.8	4.2	1.7	2.8	4.9	5.9	3.6				
(26)	—	1.5	2.0	—	1.5	1.5	1.4	1.2	1.3	1.5	1.4	0.6	—	1.5	1.7	4.2	1.7	0.6	1.4	1.5	1.3				
(27)	10.0	6.5	7.0	6.0	8.0	9.0	7.4	8.0	7.7	7.3	8.1	7.8	8.0	7.2	8.0	16.6	8.0	6.8	7.1	8.9	7.7				
(28)	100	200	200	100	200	200	500	500	1,000	411	421	168	200	400	400	24	236	324	282	134	1,000				

#### Key:

- |                                 |                                 |
|---------------------------------|---------------------------------|
| 1. Sex and age                  | 15. 10 or more minimum wages, % |
| 2. Men                          | 16. None, %                     |
| 3. Women                        | 17. Primary, %                  |
| 4. Subtotal                     | 18. Two years secondary, %      |
| 5. Family income level          | 19. Four years secondary, %     |
| 6. Age group                    | 20. University, %               |
| 7. Schooling completed          | 21. Category                    |
| 8. 17-19, %                     | 22. Excellent                   |
| 9. 20-35, %                     | 23. Good                        |
| 10. 36 or older, %              | 24. Satisfactory                |
| 11. Men, %                      | 25. Bad                         |
| 12. Women, %                    | 26. Very bad                    |
| 13. Up to four minimum wages, % | 27. Don't know                  |
| 14. Four-10 minimum wages, %    | 28. Number interviewed          |

Comparison of the Assessments in the First and Third Months of President Sarney's Government by the Population of the City of Sao Paulo



Key:

1. First month of government (10 April 1985)
2. Third month of government (12 June 1985)
3. Excellent
4. Good
5. Satisfactory
6. Bad
7. Very bad
8. Don't know

Do You Think President Sarney Is Following the Plans for the Government Drafted by President Tancredo Neves?

Category	Performance of President Jose Sarney						Total
	Excel- lent	Good	Satis- factory	Bad	Very Bad	Don't Know	
Yes, entirely	48.5	36.2	15.9	8.3	7.7	19.5	26.2
Only in part	44.4	55.5	64.0	52.8	7.7	26.0	55.0
No	--	3.4	14.2	33.3	76.9	6.5	9.9
Don't know	7.1	4.7	5.9	5.6	7.7	48.0	8.9
Number interviewed	99	353	422	36	13	77	1,000



How Do You Assess the Performance of President Sarney During  
These 3 Months of Government?

	What Is Your Present Party Preference?							None	Total
	<u>PMDB*</u>	<u>PDS*</u>	<u>PT*</u>	<u>PDT*</u>	<u>PTB*</u>	<u>PFL**</u>	<u>PCB**</u>		
Excellent	11.0	8.5	5.9	8.0	18.4	(1)	(1)	10.6	9.9
Good	41.9	34.0	27.9	34.0	28.9	(9)	(3)	30.0	35.3
Satisfactory	37.8	46.9	53.7	50.0	44.8	(8)	(16)	37.8	42.2
Bad	1.6	6.4	5.3	2.0	5.3	--	(2)	5.9	3.6
Very bad	0.9	--	1.9	--	--	--	(2)	1.8	1.3
Don't know	6.8	4.2	5.3	6.0	2.6	(2)	--	13.9	7.7
Number									
interviewed	453	47	151	50	38	20	24	217	1,000

\* Expansions: PMDB [Brazilian Democratic Movement Party], PDS [Social Democratic Party], PT [Workers Party], PDT [Democratic Workers Party], PTB [Brazilian Labor Party], PFL [Liberal Front Party], PCB [Brazilian Communist Party].

+ Not enough cases for percentage calculation.

5157

CS0: 3342/210

9 August 1985

BRAZIL

## REPORT PROJECTS INFLATION OF UP TO 182.3 PERCENT IN 1985

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jun 85 p 27

[Text] Brasilia--The Ministry of Finance has prepared a confidential study on the inflationary process this year, in which a rate of between 171.1 percent and 182.3 percent by December is projected, as compared to 223.8 percent last year. This result will depend on the price controls imposed at the beginning of the Sarney government.

The projections were made on the basis of reports from the various technical bodies under the Ministry of Finance, such as the Special Supply and Price Secretariat (SAP) and the Interministerial Price Council (CIP), as well as "other external sources," such as the Getulio Vargas Foundation. Two hypotheses were postulated.

The first, with the annual rate of 171.1 percent, regarded as more favorable, presumes that the current system of price adjustment adopted by the SAP and CIP, whereby an effort is made to adapt the profit margin to the battle against inflation, will continue. This would be, therefore, a policy difference from that pursued up until the last government, when an effort was made basically to guarantee the maintenance of the profit margin for the oligopolistic sectors.

The second, less favorable hypothesis, presumes a substantial relaxation of price control, and incorporates the majority of the criticisms made recently. These criticisms have come not only from the private sector, but from the state enterprises, above all. The private sector is complaining that price control is affecting the viability of production, to the extent that the government is not controlling the other end of the system, that is it does not also regulate interest rates and, in part, supplies. As to the state enterprises, the freezing of prices on their rates since March is said to have caused net losses of 21 trillion cruzeiros.

In any case, the Ministry of Finance emphasizes, the inflationary results to date show an acceptable development in terms of the hypothetical 171.1 percent rate, which could be still more favorable if the plan for cuts in public expenditures is implemented. The ministry suggests a cut of between 25 and 35 trillion cruzeiros for the SEPLAN [Secretariat of Planning], with cuts in

investments for a group of 10 state enterprises being given priority. The Ministry of Finance argues that a cut in public expenditures will make it possible to end the year with an increase in the monetary base of about 150 percent, "without having caused bullish pressures on interest rates."

The results of the second hypothesis, inflation at 182.3 percent, may be avoided (although the Ministry of Finance believes that this could be defended as still favorable--after all, the inflation projected by businessmen at the beginning of the year ran at about 400 percent, "because they would reflect a much less convincing drop in the monthly indices." In the view of the Ministry of Finance, "this development should be avoided at all costs, as we have already argued in the course of various previous fiscal periods."

The confidential study stresses, however, that in earlier exercises on the annual inflation rate, the predictions have been close to the April and May rates. "It would be highly desirable to maintain this trend for the rest of the year, in order to reach the 171.1 percent level," the document says in conclusion.

IGP [General Price Index]-DI Projections for 1985  
(in percentage)

<u>Month</u>	<u>Hypothesis I</u>		<u>Hypothesis II</u>	
	<u>Monthly</u>	<u>12 Months</u>	<u>Monthly</u>	<u>12 Months</u>
January	10.6	232.1	12.6	232.1
February	10.2	225.9	10.0	225.9
March	12.7	234.1	12.7	234.1
April	7.2	228.8	7.2	228.8
May	7.8	225.6	7.8	225.6
June	8.1	222.2	8.4	223.1
July	8.5	216.9	9.1	219.5
August	7.7	208.5	8.2	212.5
September	7.9	201.2	8.4	206.6
October	8.0	189.0	8.6	195.7
November	7.0	181.4	7.8	190.1
December	6.5	171.1	7.5	182.3

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BRAZIL

FGV ANNOUNCES JUNE INFLATION RATE OF 7.8 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jun 85 p 25

[Text] The inflation rate for June was 7.8 percent, repeating that for the preceding month, resulting in a cumulative variation of 74.3 percent for the first half of the year and 221.4 percent for the past 12 months, lower than the annual rate of 225.6 percent reported in May. These figures were released yesterday by the Getulio Vargas Foundation (FGV).

The Wholesale Price Index showed a monthly increase of 7.1 percent, yielding a rate of 220.2 percent for the 12-month period. The household utilities item showed the greatest change, with 11.5 percent for the month and 295 percent between July 1984 and June 1985. Next came durable goods, with a rate of 10.7 percent for the month and 292.8 percent for the last 12 months, and construction materials, with 8 percent for June and an annual rate of 266.7 percent.

The Consumer Price Index showed a monthly variation of 10.6 percent and 216.7 percent for the past 12 months. The most notable item was clothing, with an increase of 13.5 percent for the month, a cumulative 113.6 percent for the year and a 293.6 percent annual rate. Health and hygiene products had the second greatest variation, with 10.4 percent for the month and 258.8 percent for the past 12 months, followed by public services, with the substantial variation of 25.1 percent for the month, a cumulative 96.4 percent for the year and 239.2 percent for the July-June period.

The Domestic Civil Construction Cost Index was up 6.4 percent for the month and 248 percent for the past 12 months. The variation in construction materials was 8.1 percent for the month and 261 percent for the July-June, while manpower showed an increase of 4.4 percent for the month, a cumulative 92.4 percent for the year and 219.7 percent for the 12-month period.

Expansion

The June indices showed a certain expansion for some industrial products which were under a price freeze for a period of up to 90 days, the FGV reported. The criterion of "accidentality" was not applied in the evaluation of June prices, because the institute did not take into account the heavy losses for

fruits and vegetables and the extreme price variations which had been reported in the press. There has been no adjustment for accidental factors or inflationary correction in the indices making up the General Price Index since April of 1984.

In connection with the percentage variations for the month, the highest rate reported was that for public services, with 5.7 percent for June of 1984 and 25.1 percent for this month. The civil construction manpower item, which showed a variation of 1.6 percent in June of 1984, showed expansion of 4.4 percent in June of 1985. The food item remained stable in a comparison of the 2 months, with 8.9 percent, while construction materials, which showed a variation of 14.7 percent in June of 1984, showed a drop to 8.1 percent in June of 1985. The Construction Cost Index for Rio de Janeiro dropped from 8.9 percent in June of 1984 to 6.4 percent for the same month this year, and the housing item showed a slight drop, from 9.7 percent last year to 9.3 percent for June of 1985.

A comparison of the first half of 1985 with the first half of 1984 shows that the cumulative percentage variation for the year in the Wholesale Price Index, as well as that for the month, was greatest for public services, with a rate of 96.4 percent for the January-June 1985 period, as compared to 60.4 percent for the comparable period the preceding year. There was a significant increase for construction manpower as well, a comparison of the two periods shows, with 74.9 percent for 1984 and 92.4 percent for 1985. Construction materials came third in terms of greatest variation, with 71.8 percent for January-June of last year and 88.9 percent for the comparable period in 1985. The item showing a comparative drop in variation in the Consumer Price Index were food, with 76.8 percent for 1984 and 70.6 percent for 1985, and housing, with 66.8 percent and 61.7 percent, respectively.

In terms of the last 12-month period, public services showed the greatest variation: 153.9 percent from July 1983 to June 1984, and 239.2 percent from July 1984 to June 1985. However the highest cumulative rate was that for construction materials, reported as 261.5 percent from June 1984 to June 1985, as compared to 206.1 percent for the earlier period.

The greatest variation in the Consumer Price Index for June was reported for onions, with 104.7 percent, followed by white potatoes, with 78.3 percent, and sisal, with 46.2 percent. The rate for carnauba wax was 42.2 percent, that for clutch boxes 32.5 percent, and that for battery radios 32.4 percent.

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CS0: 3342/210

BRAZIL

CTA DIRECTOR DISCUSSES SPACE ACCORD WITH PRC

Sao Paulo TECNOLOGIA & DEFESA in Portuguese No 22, 1985 pp 21-24

[Interview with Air Force Gen Hugo de Oliveira Piva, director of the Aerospace Technology Center [CTA], by Roberto Pereira: "Brazil-China Space Accord"; date and place of interview not given]

[Text] A few days after the successful launching of the first Brazilian-made Sonda IV rocket (see TECNOLOGIA & DEFESA No 17), a high-level Brazilian mission traveled quietly to the People's Republic of China. It included the then-chief of the Armed Forces General Staff, Air Force Gen Waldir Vasconcelos, the director of the Aerospace Technology Center, Air Force Gen Hugo de Oliveira Piva, the director of the Space Research Institute, Dr Nelson de Jesus Parada, and representatives of other federal entities (such as Itamaraty [Foreign Affairs Ministry]) directly or indirectly involved in the Brazilian space program.

Its objective: to hold a series of meetings resulting in a substantial increase in exchange of space technology between Brazil and China.

The mission returned smiling. During 1 week the Brazilians had had an opportunity to visit important Chinese space facilities in Beijing, Xian and Xangai, to exchange ideas with technicians and scientists of that Asiatic country, and to outline a number of agreements whose results will not take long to have an effect. "They showed us everything we wanted to see, they furnished all the information we asked for and were willing to collaborate with us further, if we so desired," commented General Piva.

In Brasilia, speaking of the trip, General Vasconcelos was emphatic: "The results of the mission could not have been more satisfactory..."

Until now, however, these "satisfactory results" have been kept behind a curtain of discreet silence. To learn what was decided and to evaluate the consequences of the new agreement for Brazil, our magazine had an exclusive interview with the CTA director. The following is a summary of his answers:

[Question] What led the Brazilians to organize this mission to the PRC?

[Answer] Last year we had a visit here in Sao Jose from a Chinese mission of specialists involved in their space program. They came here, learned about our program, visited our facilities and invited us to go to their country. Our trip in December was a consequence of this invitation.

[Question] What facilities were visited by the Brazilian group?

[Answer] Everything we wanted to see. We were in laboratories for design and construction of satellites and in shops where the launching rockets are built. Mainly, we visited facilities surrounding Beijing and in Xian and Xangai. And in all these places we were very well treated, receiving an excellent welcome. Engineers and technicians made available to us answered all our questions, discussed our points of view frankly and at no time did we have a feeling of anything being withheld from us. In my opinion, this open attitude was the most agreeable surprise of the trip.

[Question] What did you think of the Chinese space program?

[Answer] Dynamic, very advanced and reliable. It is one thing to read technical reports about the new Chinese rockets and satellites. It is another to examine, on the spot, how they were designed and how they are being built. Chinese space technology is a kind of happy mixture of knowledge absorbed from the Soviet Union and the United States, but in every detail the work of China's specialists can be seen.

Its laboratories are large, well equipped, well organized and very clean. Their technicians and engineers are knowledgeable about the work they are doing. And there appears to be no shortage of funds. In one department that we visited, about 100 engineers were working, whereas here we have to weigh every cruzeiro, with 10 men doing the same work as 100 Chinese.

[Question] If they are that far advanced, what advantage is there for the Chinese in transferring the technology they have acquired to the Brazilians?

[Answer] Brazil and China are two nations destined to occupy important positions in the international politics of the next century. We know this, and so do the Chinese. Above all, commercial, political and economic interchange between our two countries has increased. In some sectors, the Brazilian technology is further advanced than the Chinese, as for example in the use of alternative fuels. In others, such as the space sector, we are behind. But we are already far enough along to absorb the Chinese technology.

[Question] In your opinion, what are the sectors of Chinese space technology that are now of most interest to Brazil?

[Answer] We could learn a lot about designing large-scale rockets and powerful liquid-fuel engines, an area in which we are undeniably lagging. But in the field of solid-fuel engines we are much further along, as the Sonda IV rocket proves.

[Question] What arrangements were made in regard to technology transfer in these fields that Brazil is interested in?

[Answer] As I said, the Chinese were quite open and made it clear that they wanted to help us in those sectors that we were really interested in. Thus, a Chinese mission will soon arrive in Sao Jose dos Campos. It coincides with the beginning of the CTA's studies to assimilate experience with liquid-fuel engines.

[Question] During the 1960 decade some U.S. "aerobee" liquid-fuel rockets were launched at Barreira do Inferno. Was that a useful experience for Brazilians?

[Answer] All experience is useful. But what we are trying to do now is to develop a gradual program, starting at the bottom, going on to theoretical projects, experiments with different types of propellants, construction and testing of small test motors, and ultimately to development of larger-scale engines. Chinese advice can be useful to the degree that it helps us avoid repeating tests already made, indicating the best solutions and collaborating in overcoming problems that they themselves have already faced and overcome.

[Question] But this liquid-fuel program that is beginning now in Brazil will be a slow process. When do you think it will have reached an advanced stage?

[Answer] We go ahead within our financial, technological and human possibilities. Chinese cooperation can be useful to us, but it is we who must do the work. Although just beginning now, the program for large rockets powered by liquid-fuel engines should really take shape in the 1990's. In the meantime we have some other objectives to meet.

[Question] And what are they?

[Answer] Development of the Sonda IV research rocket and the VLS (Satellite Launching Vehicle). This is no secret and has been announced repeatedly. The liquid rockets foreshadow later stages. The fact is that, because they involve technology that is new to us and very sophisticated and require heavy investment, they will have to be developed over a longer period of time.

[Question] How is the Sonda IV program going?

[Answer] On schedule in technical terms, slightly behind our original schedule due to financial reasons. But we are doing well. Before the end of this year we should fire another version incorporating some changes in relation to the first. The Sonda IV will permit us to improve Brazilian inertial platforms, directional systems with movable nozzles in the engines and other materials and techniques to make the VLS a functional reality.

[Question] The various designs by the CTA itself show the future VLS with different appearances. Why?

[Answer] They reflect the evolution of the design of that engine. In the beginning we thought we would use four lateral rocket engines clustered around a two-stage central unit, all equipped with an engine similar to that of the first stage



of Sonda IV, but longer. That solution was later replaced, adding a final stage over the central body. Theoretically, this would function, but we also abandoned that solution because the mock-up tests on land would require wind tunnels bigger than any we had. The studies would have had to be conducted abroad, resulting in expenditures we could not afford to make. The latest solution involves a first stage with four cylindrical engine housings, topped by two other stages. By December 1985 we shall arrive at the definitive form, which will then be "frozen." No further complex alterations will be made.

[Question] And what will come next?

[Answer] Beginning in 1986 we shall be working on the details of the rocket and placing orders for manufacture of parts and components by Brazilian industry. In fact, the challenge posed to our manufacturers will be at least as great as that demanded of our scientists and laboratories. And much greater than what occurred in developing the Sonda IV, when about 40 Brazilian firms were called upon to collaborate. To manufacture the VLS this figure will have to be increased several times.

[Question] Are there plans for a successor to the VLS?

[Answer] Of course. Although, for the moment at least, they are only plans. One alternative would be developing a satellite launcher using for its first stage a single solid-fuel engine, with a greater diameter (about 1.5 meters) than the clustered units adopted for the VLS.

Such an engine, for the development of which the nation already has the necessary technology, would simplify and strengthen our satellite launcher.

[Question] Would a liquid-fuel launcher come next?

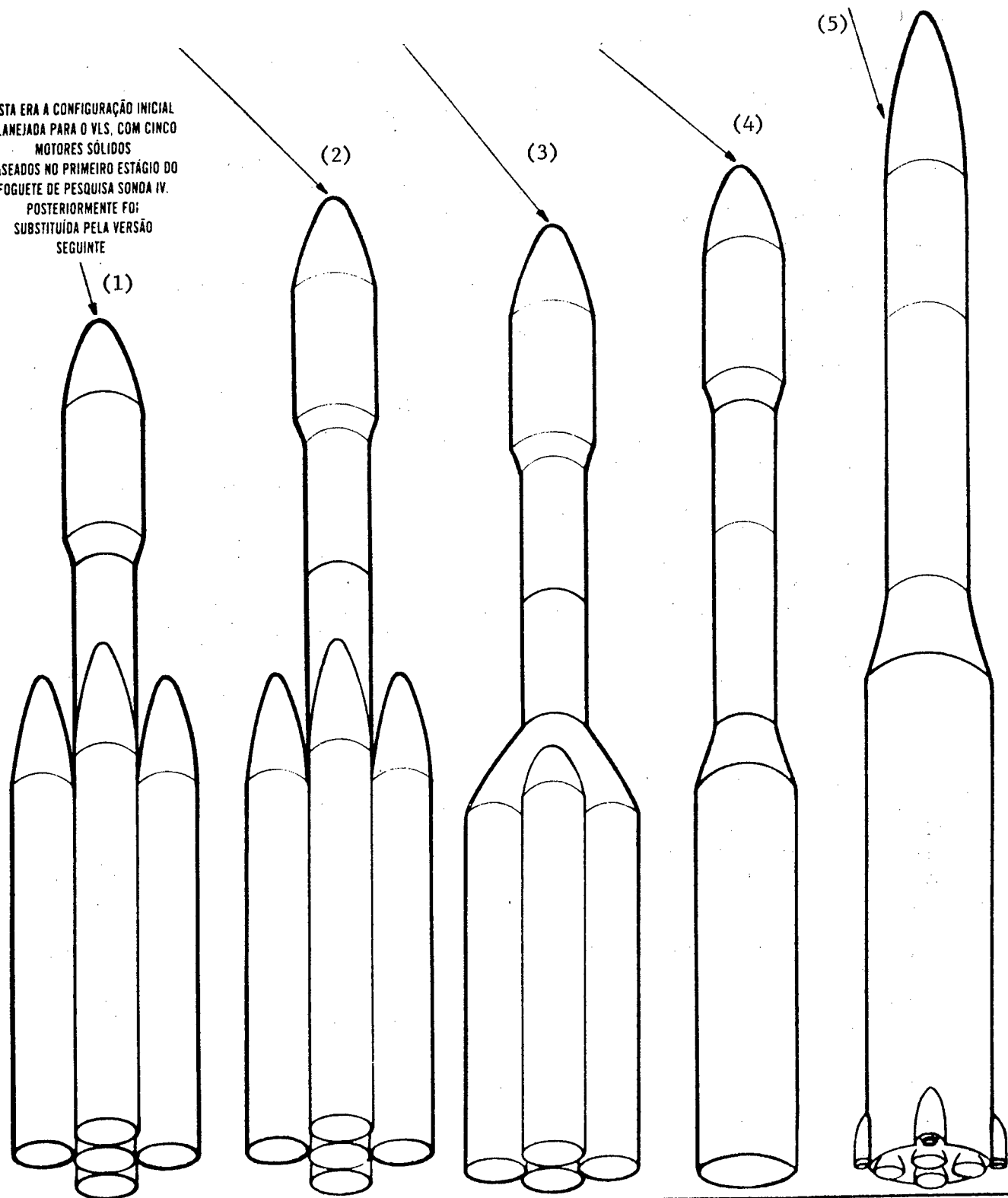
[Answer] That is what we are thinking of now. We have not ruled out of consideration the design and construction of a multiphase launching vehicle utilizing liquid fuels. It would be about the size of the U.S. Thor-Delta, the Japanese Mu or the basic version of the European Ariane.

We are thinking about a rocket capable of placing large satellites in stationary orbit. Our VLS launcher can only put small satellites in orbit, and low orbit at that. It will not be useful for a series of programs and also for permitting Brazil to seek a growing share of the international market for launching vehicles. But neither the VLS in its initial configuration nor in any of the larger versions contemplated will be able to put a stationary payload in high orbit. And this means that to orbit satellites of this type we must still resort to foreign rockets.

With the technology of large liquid-fuel engines and with the experience we are acquiring with the VLS, in the 1990 decade we will be able to develop a large launcher that will make the country independent once and for all in terms of space activities.

[Question] It has been suggested that with such technology Brazil should be able to think about manned vehicles at the beginning of the next century. What do you say to that?

ESTA ERA A CONFIGURAÇÃO INICIAL  
PLANEJADA PARA O VLS, COM CINCO  
MOTORES SÓLIDOS  
BASEADOS NO PRIMEIRO ESTÁGIO DO  
FOGUETE DE PESQUISA SONDA IV.  
POSTERIORMENTE FOI  
SUBSTITUÍDA PELA VERSÃO  
SEGUINTE



Evolution of Brazilian Launch Vehicles (See key on next page)

Key to Figure on Preceding Page:

1. This was the initial configuration planned for the VLS, with five solid-fuel engines based on the first stage of the Sonda IV research rocket, later replaced by the following version.
2. Essentially the same as previous configuration, this differs in use of a longer central stage plus another stage above it; configuration abandoned because testing it would have required large wind tunnels not available in Brazil.
3. Most recent and probably definitive form of the VLS, with four engines in the first stage and two additional stages, also solid-fuel, above it; a final decision about the characteristics of this configuration will be made by the end of this year.
4. After the VLS is qualified and put into service, CTA efforts will probably be concentrated on developing a larger-diameter solid-fuel engine capable of advantageously replacing the cluster of four engines used in the first stage of the VLS; the resulting satellite launcher will probably have the approximate configuration shown here.
5. With the technology of liquid-fuel engines absorbed in China, by the middle of the 1990 decade Brazil could put into service a launcher of the present-day U.S. Delta scale; such a rocket could look like this and use as a second stage the same solid-fuel engine used in the first stage of the preceding model; for the present, however, these are merely basic plans of the CTA.

[Answer] Until now we have achieved substantial results in our space program because we have always worked within the bounds of what is reasonable. Manned flight involves parameters of technology and resources much greater than what we are able to dream of now. China, which devotes to space much greater funds than ours, is really working on development of manned vehicles and rockets to launch them. But not for now.

I would not say that in the future we will not be able to initiate such a program. But we are realists and we know, as the Chinese say, that a ladder must be climbed one step at a time. Sometimes it is possible to skip a step. But no country in the world goes directly from the bottom step to the top.

8834

CSO: 3342/216

BRAZIL

## VEROLME TO PRODUCE FH-70 CANNONS FOR EXPORT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jun 85 p 2

[Text] Rio de Janeiro--The production of British FH-70 cannons in Rio de Janeiro will be oriented toward foreign markets, and for this reason a special weapons advertising program will be launched, the director of Verolme, Nelson Carline, said yesterday prior to the demonstrations being given at the Gerincino field near Vila Militar.

This businessman admitted that the production of the FH-70 could not be made dependent on the domestic market, even if the army decides to purchase it, a decision which has not yet been confirmed. "The price of an FH-70 is US\$1 million, and there are prospects for selling it on the international market because of the fact that it has been adopted by North Atlantic Treaty Organization countries," he added.

The FH-70 is produced on the basis of the specifications adopted by the Ministries of Defense in England and the FRG for the design concept of a cannon for joint action and direct support missions. The results of the British and German studies produced a 155-millimeter vehicular-towed field cannon.

One of the requirements of the British and the Germans was that the FH-70 be ready to fire in 4 minutes. It is in fact ready for action in 2 minutes, and also has the capacity to fire at wide and narrow angles for close defense (direct firing). It requires a minimum crew of four men, is relatively light in weight (9,300 kilograms), and is sturdy and reliable.

The FH fires a burst of three shots in eight seconds, using conventional projectiles, and has a maximum range of a little over 24 kilometers. Using charges aided by auxiliary rockets, the radius of action is increased to even more than 30 kilometers.

The FH cannon, which Verolme plans to produce under license from the British Vickers firm, is being demonstrated by a British crew. This is the first military project of this enterprise, which has already submitted a proposal in the competitive bidding solicited by the navy for the building of two more corvettes (initially, four will be built, two at the Rio de Janeiro navy yard). Verolme also plans to produce a self-propelling cannon in association

with Vickers, the Italian Oto Melara enterprise and the West German Rhein-Metal firm. The enterprise will participate in the technological development of this project.

Verolme is one of the oldest enterprises in the civil ship construction sector. It has 6800 employees, and has sought to diversify its activities, to prevent unemployment, among other things, since the crisis in the naval industry has already resulted in the dismissal of more than a thousand of its workers. It is still producing firefighting vehicles, and the prototypes will be submitted for testing to the government of Rio de Janeiro and the Ministry of Air.

5157

CSO: 3342/206

BRAZIL

## INDUSTRIAL PRODUCTION UP 8.23 PERCENT IN FIRST 4 MONTHS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Jun 85 p 9

[Text] Rio de Janeiro--Brazilian industrial production increased 8.23 percent in the first 4 months of the year, representing a drop of 1.34 percentage points from the development seen in the first quarter, when the rate of growth was 9.57 percent. According to a survey made by the Brazilian Institute of Geography and Statistics (IBGE), industrial activity last April showed a decline of 9.9 percentage points from that in March, with a drop of 10.25 percent points for the processing sector and 1.53 percent points for the mineral extraction sector.

In the view of the IBGE, the strikes in some economic sectors and the atmosphere of uncertainty "caused by institutional changes" were the main factors affecting the drop in production in the processing industry. The automotive vehicle branch showed a decline of 43.96 percentage points in its activity as compared to that in March.

The IBGE survey reveals that in the first quarter of 1985, the processing industry showed an increase of 8.23 percent (by March it had increased 9.69 percent). Of its three component sectors, only consumer goods continued to show an increase (6.3 percent by April, as compared to 6.19 percent up to March), while capital goods showed a drop of 3.04 percentage points in comparison to the first quarter, and intermediary goods, a drop of 1.21 percentage points.

The industrial branches showing the best rates of growth in the first quarter were electrical and communications materials and textiles, up 17.1 percent and 14.53 percent, respectively, over the comparable period in 1984. The worst development was seen in the petrochemical refining sector, down 0.8 percent, and food products, up only 0.73 percent.

Industrial production still continues to show a reduction of 6.93 percentage points in its activities in comparison to April of 1981, when the economy had not yet entered into the recession process. This decline was led by the processing sector, with production down 8.74 percentage points, while the mineral extraction sector was up 64.11 percent. The greatest drop for any industrial branch was in transportation equipment (29.67 percentage points), while tobacco showed the greatest increase (58.19 percentage points).

Industrial Development  
(percentage variation)

<u>Category</u>	<u>Jan-Apr 85</u> <u>Jan-Apr 84</u>	<u>12 Months</u> <u>Up to April</u>
General industry	8.23	7.88
Mineral extraction	8.29	19.21
Processing industry	8.23	7.47
Capital goods	12.90	13.70
Intermediary goods	7.63	9.08
Consumer goods	6.30	3.94
Durable	8.61	0.42
Nondurable	4.67	4.61

5157

CSO: 3342/206

COLOMBIA

ARMED FORCES PROMOTIONS, CHANGES OF COMMAND ANNOUNCED

Bogota EL TIEMPO in Spanish 23 May 85 p 13-A

[Article by German Acero Espinosa]

[Text] The Armed Forces will have two new generals and one new admiral on 12 June. A source in the Defense Ministry has revealed to EL TIEMPO that Maj Gen Augusto Moreno Guerrero, present commander of the Air Force, who will become a general, will be the new commander of the Military Forces.

Succeeding him in his present command will be Maj Gen Gilberto Franco Vasquez, deputy commander of the FAC [Colombian Air Force], an officer who has held several important posts.

The director of police, Maj Gen Victor Alberto Delgado Mallarino, will be the first general in that branch, and Vice Adm Tito Garcia Motta, commander of the National Fleet, will be promoted to admiral.

The promotion ceremonies will be held on 12 June at the General Santander School and at the Military School in Bogota.

The police branch will have a new brigadier general as of that date, the present Col Miguel Antonio Gomez Padilla, director of the General Santander Cadet School.

At the same time, however, one of its generals, Jorge Arturo Guerrero, who was assigned to personnel and staff teaching, has requested retirement.

Col Rodolfo Torrado Quintero was named new assistant director of the Military Cadet School, replacing Col Jesus Maria Vergara Aragon, who is being transferred to the Inter-American Defense College.

Among the regular transfers and promotions at this time there are also new chiefs of staff for the 14 brigades which operate throughout the country.

Col Gustavo Gonzales Giraldo has been named to head the first brigade, while the second and third remain unchanged. However, Col Marino Motta Vargas was named to head the third division. There are no changes in the fourth and fifth.



Col Herman Torres Barrera was named to the sixth; he formerly headed the Anti-extortion and Kidnapping Center (CAES) of the Military Forces; Col German Plata Rodriguez will head the ninth and Col Omar Ruiz Perdomo the tenth. The 13th will be headed by Col Jaime Sadonic Sanchez , replacing Col Jaime Ruiz, and the 14th by Col Sigifredo Delgado Caldas.

The 12th, which was established recently for the Caqueta area, will continue under Col Alvaro Paez Betancur.

Finally, EL TIEMPO has ascertained that Marine Infantry Col Arnold Arnedo, presently chief of press and information of that naval unit, has requested retirement as of next October, and his request has been granted.

8735

CS0: 3348/738

COLOMBIA

## EFFICIENCY, PARTICIPATION, SOCIAL JUSTICE SEEN AS GOALS

Bogota EL TIEMPO in Spanish 16 Jun 85 p A-2

[Article by Fernando Cepeda Ulloa]

[Text] Overwhelmed by the "bad times" that we are experiencing, Colombians are in no mood to follow the intellectual itinerary of the pre-candidates. Pessimism, skepticism, indignation, bewilderment, anxiety, how should I know?, are the signs of the mental state of both rich and poor, business owners and workers, government employees, retirees, "tutti quanti."

In the battle started against this prevailing condition of distress, three obdurate "expressers of opinion" (Abdon Espinosa V., Cesar Gaviria and this columnist) gave an explanation of the scope and significance of one of the main texts of Virgilio Barco on what Colombia's future should be like. About 100 professionals heard and criticized our presentations. Briefly, I am reiterating here my interpretation of that guide system that has been termed the social economy, which would appear to be a central part of Barco's strategy.

It is a concept based on a theory of social harmony which rewards solidarity, cooperation, consensus and integration among the various social groups, between business owners and workers, and between the state and the citizens. It is not that it disregards the reality of the social conflicts, but, precisely because it does recognize them and calibrate their dimensions; it projects a group of institutions and mechanisms aimed at handling them in a peaceful way, so that they may serve as positive energy in the construction of a just society and not as a factor for dissolution and futile confrontation. It is, if you will, a way of approaching the distant ideal of peace.

For this reason, Virgilio Barco proposed reconsideration of the state, but also reconsideration of the private sector. In other words, he proposes not only a new concept of the state, but also a new concept of the private sector. Within his redefined spheres of influence, both require a restatement. What? Under what inspiration? Within which categories?

Both the one and the other, state and private enterprise, have to participate in the task of building a just, balanced society in which power is not a license for abuse, nor poverty an irremediable mark of impotence. Both

governors and governed, capitalists and workers, upon working within a system of solidarity and cooperation on the attainment of ambitious national goals, leave those categorical, troublesome divisions behind, to become a little more alike, to come closer to one another and thus make the gap separating them now less hurtful.

Three categories, three concepts, serve as tools for making this new approach to our agitated reality real and not imaginary: namely, efficiency, participation and social justice.

The perception of the state apparatus as an enemy, as an obstacle or as a hunting ground for a few deprives the state of legitimacy and turns it into an object of the citizen's hatred and resentment, if not his scorn. Hence, the lack of solidarity with its plans and projects; hence the tax evasion, robbery and looting. Making an efficient state, interpreted as one that fulfills the promotion of development for the benefit of all, and not just a few; one that renders timely public services; one that becomes a collaborator with the citizen and not a dead mule hampering everything, is a mandate for efficiency that would legitimize it in the eyes of the citizens. The private sector cannot be dissociated from that requirement for efficiency. The "social economy" requires that convergence.

Participation is another one of the keys; participation in the decision-making process, both of the state and of private enterprise; participation in the distribution of the social benefits resulting from state or private activity; participation (and there are various ways of achieving it) in the capital of business firms. Insofar as I know, this is the most extensive proposal for real (not symbolic) participation that has been made to date.

And social justice, equity, what the less privileged sectors are demanding with so much anxiety; a philosophy of distribution in terms of the social groups and geographical regions, which is guaranteed by reason of the participation mechanisms.

Colombia's necessary inclusion in the international system is also emerging within these categories of efficiency, participation (and not dependence or exclusion) and a more just distribution of the international wealth.

Hence, it is a consistent, daring formula, presented without shrillness; devised with the accuracy, reliability and balance which everyone recognizes in Virgilio Barco. Could anyone be interested in the opposite formula?

2909

CSO: 8148/1692

COLOMBIA

BRIEFS

MANUFACTURERS PROTEST SPANISH IMPORTS--President Betancur has signed a contract with a Spanish government enterprise to import 4.5 million pesos' worth of trumpets, marimbas, castanets, teaching laboratories, bookmobiles, insect pins, canes for the blind, plastic human skeletons, sandbags, puzzles, dice, modeling clay, blackboards and other educational items. The agreement was made with the Spanish FOCOEX--Foreign Trade Development--firm on 12 July last year, almost simultaneously with the issuance of a circular by INCOMEX [Foreign Trade Institute] in which government agencies are requested to "reduce their imports to those which are strictly essential." The imports have had bad repercussions in certain sectors of national industry, since the majority of the products to be purchased from Spanish firms are produced by Colombian manufacturers. This was established by an INCOMEX study 2 months before the signing of the contract. Only after protesting to the government about preferential treatment given in the last few years to foreign industry did major Colombian manufacturers succeed in obtaining a concession to supply some laboratory accessories valued at 20 percent of the total amount of the contract. Even so, some dissatisfaction persists in the production sector, which has interpreted Colombia's share "as a bone thrown to us to stop us from protesting," according to Colombian businessman Carlos Garcia. Some of the Colombian exhibitors of educational materials at the Education Festival held in Bogota told EL TIEMPO that they were not aware of the existence of the contract between Spain and Colombia. "If this is true," Said Arnulfo Cuellar, of the PINOCHO firm, "it is a blow which could wipe out the few of us who remain." Elkin Rincon, of UNIVERSAL DIDACTIA of Medellin, said that "that contract will bury us all." As owner of a national firm which was given a share of the contract, Luis Johel Hurtado told EL TIEMPO that on the basis of advice from the Spanish firms, new fields of technological development have been opened for his industry. Hurtado, however, had sent a letter to President Betancur in which he pointed out that the acquisition of such goods constitutes a death blow for domestic manufacturers. [Excerpt] [Bogota EL TIEMPO in Spanish 2 Jun 85 p 13-A] [Article by Gerardo Reyes] 8735

HUNGARIAN TRADE AGREEMENT SIGNED--Dr Gustavo Castro Guerrero, minister of economic development, has signed in Budapest a trade agreement with Hungary covering the next 2 years. Colombia expressed its interest in exporting tobacco, processed coffee, cotton thread and fabrics, leather articles and rice to Hungary. It also voiced its concern that Hungary rejoin the international coffee agreement. Hungary, in turn, suggested that Colombia be

more flexible in approving export licenses and in allowing Hungary to market its products in this country. The Hungarian delegation claimed that the measures adopted by Colombia prevent placement of Hungarian goods in the Colombian market and urged Colombia to become more flexible in the approval of import licenses so as to permit placement in Colombian markets of the products on the list in question. The Colombian delegation explained that the foreign trade measures it has had to take relative to import quotas and priorities in the approval of licenses may be limiting the sale of Hungarian products on Colombian markets, but it was confident that with the establishment of mutual concrete transactions, the negative effect of the Colombian rulings on Hungarian imports would be alleviated. The two delegations stated their willingness to support, within existing policies and norms in each of the two countries, negotiations which will permit the conclusion of specific contracts assuring the growth of trade relations, thus guaranteeing and ensuring mutual economic and trade ties. They agreed that one way to strengthen bilateral relations is to implement economic, scientific and technical cooperation through participation in the development of projects in Colombia. For this reason they expressed their satisfaction with the development of a contract under which Hungary will supply educational equipment valued at \$6 million, financed through Hungary's credit line and administered by the Coffee Bank. This contract is in the process of being ratified by the various Colombian agencies. The Hungarian delegation, aware of the importance of participating in development projects in Colombia, expressed to the Colombian delegation its interest in supplying machinery and equipment for education, transportation and telecommunications. [Text] [Bogota EL SIGLO in Spanish 29 May 85 p 10] 8735

CSO: 3348/738

CUBA

## HAVANA CITY FINANCIAL PLANNERS LAUDED FOR CUTTING COSTS IN 1984

Havana BOHEMIA in Spanish No 23,7 Jun 85 p 33

[Article by Raul Palazuelos]

[Text] The financial planners of the City of Havana are congratulating themselves, and with reason: They were selected as promoters of socialist emulation because not only did they bring 4.144 million pesos into the state's coffers, thus exceeding their plan by 488 million pesos, but they also achieved this success 31 days before the end of 1984.

Why is this so extraordinarily important? The explanation can be found in the recent speech by the first secretary of the Party Central Committee, Commander in Chief Fidel Castro, at the Party meeting on economic efficiency in budgeted activities.

There Fidel called for an "economic war by the entire nation," in which financial planners are in the vanguard at the battlefield as regulators of the territorial financial functions. In this case, the territory in question is Havana, the capital.

Working in the Provincial Finance Office of the Peoples Government, this group of men and women managed to increase their contribution to the social funds and the expanded reproduction of society, through highly efficient work in their field. For this purpose they implemented a well thought-out program for reducing planned spending in the country's capital province. The result was a surplus of 106 million pesos.

During the past year, a total of 36 million pesos in housing repairs were performed, 16 million more than the amount executed or invested in 1983. Street and road repairs also yielded positive results from an investment of 31 million pesos.

But this was not where the savings occurred; it was in the management of the Havana Provincial Finance Office itself, which applied the economic calculations throughout 1984 in various spheres of budgeted activities (which were first introduced the year before, 1983). The office also vigorously enforced restrictions on unitary norm spending, cut electric power consumption, minimized spending not directly linked to production and services, and limited expense allowances. This helped it exceed its spending plan, which was set at

9 million pesos. Savings actually totaled 25.5 million, which was included in the surplus of 106 million pesos.

At the same time, financial activities in the enterprises located in the capital were very efficient. Thus, the enterprises' profits rose to 148 million pesos, with a net profit of 69 million pesos. This was 19 million pesos more than the 1983 total.

There is a very special social significance in all this, because nearly half the staff at the office are women. Moreover, absenteeism was kept to an infinitesimal 0.04 percent for all of 1984.

It is not too surprising, then, that this office was selected once again as a promotor of emulation by the National Public Administration Trade Union, or that it holds a preeminent position among the provincial finance offices of the State Finance Committee.

The example is clear for all to see. It is a good example of how it is indeed possible to increase the efficiency of economic activities in the budgeted sector.

8926

CSO: 3248/442

CUBA

# CONTROL OF LOCAL INDUSTRIES TRANSFERRED FROM MINCIN TO MINIL

Havana GRANMA in Spanish 5 Jun 85 p 3

[Article by Hortensia Torres]

[Text] The methodological management of local industries that until now have been managed by the Ministry of Domestic Trade (MINCIN) has been officially transferred to the Ministry of Light Industry (MINIL). The transfer took place in a ceremony presided over by Flavio Bravo, president of the National Peoples Government Assembly, and Faustino Perez, chief of the Local Peoples Government Agencies Service Office. Both officials are members of the Central Committee.

Minister of Light Industry Roberto Ogando discussed the current situation of these local industries, which are still under the Peoples Government. He stressed the importance the MINIL attaches to this change, and the responsibility his ministry has for these industries' future development.

At the meeting, Faustino Perez called the change very positive, since it will make possible an improvement in the quality of products and the variety of product lines. He went on to say that incentives should be provided for the production of exportable products, which requires streamlined marketing procedures. He mentioned the need to diversify the goods that may be purchased by tourists.

Flavio Bravo talked with representatives of local industry, explaining that these collectives should not attempt mass production like big industry, since that would vitiate the whole purpose for which they were designed. He stressed that the initiatives of these industries and those of other organizations should be taken into account in design considerations.

8926

CSO: 3248/442



CUBA

# FIRST PROVINCIAL ENTERPRISE WITH ACCESS TO SOVIET DATA BASE

Havana GRANMA in Spanish 5 Jun 85 p 1

[Text] Pinar del Rio--Pinar del Rio and Moscow were linked yesterday by means of a computer system that uses satellites and coaxial cables, the first of this kind to be installed in the country's interior.

A computer located at the Electronic Components Enterprise gathered data on the electronics industry from a Moscow data base.

The computer used here makes it possible to record data on an electronic disk, view it on a screen, and print the information received on paper. This is very useful for technicians at the new enterprise in Pinar del Rio.

It was also reported that under an agreement between that plant and the provincial Center for Scientific-Technical Documentation and Information, researchers in other sectors will also have access to the USSR data base, since the operation is very inexpensive and simple.

Technicians at the Scientific and Technical Documentation and Information Institute (IDICT), which is part of the Academy of Sciences, reported that similar systems are operating at the Hermanos Ameijeiras Hospital, the Jose Antonio Echeverria Polytechnical Institute and other central agencies in Havana.

Information from the USSR, Bulgaria and Czechoslovakia can be obtained through IDICT and the aforementioned institutions.

This year remote access from those points will be expanded to other countries, and beginning in 1986, IDICT will become a data bank capable of supplying computerized information to the rest of the world. For this purpose, an EC-1035 computer, a Soviet model, will be installed soon.

Computers installed in the rest of the country will make it possible to extend the Scientific-Technical Information Service, with remote access to the Soviet Union and other countries.

8926  
CSO: 3248/442

CUBA

BRIEFS

7000 YOUTHS IN GDR--In addition to the 40th anniversary of the victory over German fascism, the German Democratic Republic is also celebrating the 5th anniversary of the Treaty of Friendship and Cooperation between Cuba and the GDR, which was signed by Fidel and Honecker on 31 May 1980. The treaty enhanced the ties between the two countries in all aspects of life, which is proof of what cooperation between brother nations in the common task of socialism can accomplish, recalled Ambassador Heinz Langer at a meeting with journalists to celebrate this important event. He explained that 1,250 specialists and skilled workers from Cuba were trained in the GDR under an inter-government pact covering the 1975-1985 period, and that at present more than 7,000 young Cubans are receiving training in that friendly country. [Excerpts] [Havana GRANMA in Spanish 6 Jun 85 p 1] 8926

CSO: 3248/442

GUYANA

PPP AGREES TO TALKS WITH PNC, CITES POSSIBLE AGENDA ITEMS

Reply to Reid

Georgetown MIRROR in English 9 Jun 85 pp 1, 4

[Text] After consulting with its membership the People's Progressive Party (PPP) has finally decided to have dialogue or talks with the PNC on a formal basis.

The invitation to the PPP for talks in the interest of 'national development, security and socialist construction' was made in January this year by the PNC leadership.

The PPP told the ruling party then that it would consult its members on the question and would respond later. That process having been completed, the PPP's Executive Committee sent the PNC a letter, the text of which appears below along with a PNC response.

Additionally, the PPP has appointed Executive Committee Members Feroze Mohamed M.P. Education Secretary and Clement Rohee, International Secretary, to meet with a two-man team from the other side to work out the technical aspects for the party-to-party talks.

Dr. P.A. Reid  
Chairman of the Central Executive Committee  
People's National Congress  
Sophia.

Dear Comrade,

Our letter of February 11, 1985 indicated to you that we would respond to your invitation for our two Parties to be engaged in 'constructive dialogue'. Having completed the necessary discussions and consultations, the Executive Committee of the People's Progressive Party wish to inform you that we are prepared to enter into discussions with you on a formal basis.

In your invitation letter to us, you mentioned that such talks should deal with the very general questions of national development, security and socialist construction. On this score, you should recall that we had earlier

referred you to the proposals contained in our Programme, For a Socialist Guyana, our 21st Congress Report, Strengthen the Party, Defend the Masses, Liberate Guyana, and our publication, For a National Patriotic Front Government.

Our Executive Committee take this opportunity to remind you that we are of the firm belief that the economic and social difficulties facing our country cannot be solved without a political solution. We are of the view that, at this stage of Guyana's development, a government of all left and democratic forces based on democracy, anti-imperialism and socialist-orientation is necessary. Such a government, in addition to representing the interests of workers, farmers, intelligentsia, small businessmen, patriotic capitalists and so on should also work towards, laying firm foundations--political, economic, ideological, institutional, social, cultural--for the eventual 'socialist construction' in Guyana.

We are also of the considered view that talks between our two Parties should cover certain pressing matters which require attention and urgent resolution.

Important among these are:

--Ensuring democracy at the political, social and industrial levels and the people's fullest involvement in decision making. This would include official recognition of the genuine and democratic economic and social organisations of the people and respect for the constitutional rights of the democratically-organised and--run political organisations. Special attention should be paid to free and fair elections at the national, regional and local levels, and should include those related issues which our Party recently took up with Prime Minister Desmond Hoyte.

--The need immediately to get up a Government/Opposition committee to examine the entire range of importation and distribution of goods and to put in place a system for the fair distribution of such goods.

--Taking all practical measures to curb the lowering of the people's living standards and the deterioration of social services, whilst offering adequate wages and salaries and eliminating extravagance and all forms of discrimination and corruption in our society.

--Safeguarding and defending our national sovereignty, independence and territorial integrity, by, among other measures, expanding the People's Militia into every town, village and community.

--Deepening Guyana's anti-imperialist policy and establishing the closest relations with the Socialist Community both for economic and social development and for defense of our political independence. From the Socialist Community, assistance should be requested for the establishment of a Central Planning Commission for the planned proportional development of the economy and the pursuit of ideological education in the various educational institutions in Guyana.

We look forward to your ready agreement that the above-mentioned specific proposals be given the necessary emphasis they require in the Party-to-Party talks.

We also consider it necessary to draw your attention to certain unfortunate developments since receiving your invitation letter.

We refer particularly to the disruption of PPP meetings at Cove and John on 29 January and Bachelor's Adventure on 18 February, 1985 and the seizure of our public address system; the un-called-for searches carried out on the premises of several PPP members and leaders; the disruption of the Annual General Meeting of the Guyana Council of Churches; the splitting of the trade union movement on May Day; and a bill introduced in parliament to re-enact Part II of the National Security Act, which provides for preventive detention and violates the rule of law. These do not create a favourable and suitable climate for the attainment of national unity and national development. We urge you to take steps which will create such a political climate.

Finally, we wish to suggest that a Committee made up of two members from each of our Parties meet, at a mutually agreed on time, and place, to work out the technical aspects related to these talks.

Yours sincerely,

Cheddi Jagan  
General Secretary  
People's Progressive Party.

Cde. Dr. C.B. Jagan, M.P.  
General Secretary,  
People's Progressive Party  
Freedom House,  
41 Robb Street,  
Georgetown.

Dear Comrade,

Thank you for your letter of 20th May 1985 in which you advised that your Executive Committee wished to inform me that your Party was prepared to enter into discussions with ours on a formal basis pursuant to our invitation for our two parties to be engaged in constructive dialogue.

We have noted the various matters which you feel should be covered by the proposed talks. Without prejudging the relevance, admissibility or exclusivity of the issues sought to be raised, we feel that it would be more advantageous to leave to the preparatory committee any questions as to the specific matters which might properly be the subject of the inter-party talks.

As regards the several allegations made in the penultimate paragraph of your letter, we do not believe you expected, and do not ourselves consider it appropriate to offer, a response at this stage, and would confine ourselves to saying that our position on these matters is well known and, if necessary, can be further ventilated in the course of the talks.

Finally, although my Party would have been inclined to suggest that each side should be represented by three members on the preparatory committee, we accept your suggestion that the number of members should be two on each side. Our members will be Cde. Ranji Chandisingh, General Secretary of our Party, and Cde. Elvin McDavid, a member of our Central Executive Committee.

We await your intimation of the names of your members. Meanwhile, our Cde. Halim Majeed, member of our General Council, will be available to discuss the time and place of meetings of the preparatory committee with anyone you may designate.

With kind regards,

Yours co-operatively,

P.A. Reid,  
Chairman of the Central Executive Committee,  
People's National Congress.

#### PNC Organ's Report

Georgetown NEW NATION in English 9 Jun 85 p 1

[Text] The People's Progressing Party (PPP) has announced that it has accepted the People's National Congress' (PNC) invitation for the two parties to be engaged in "constructive dialogue" on a structured Party to Party basis at leadership level.

In his letter to Dr. P.A. Reid, Deputy Leader of the People's National Congress, dated May 20, 1985, Dr. Jagan, General Secretary of the People's Progressive Party, explained that "having completed the necessary discussions and consultations, the Executive Committee of the People's Progressive Party wish to inform you that we are prepared to enter into discussions with you on a formal basis."

He went on to allude to "certain pressing matters" which he indicated would be raised by the PPP in the course of the proposed talks. The PPP General Secretary also drew attention to what he deemed as "certain unfortunate developments since receiving your letter of invitation."

Dr. Jagan finally concurred with a previous proposal made by the PNC's Central Executive Committee to have a small preparatory team from both sides meet "at a mutually agreed on time and place" to settle the modalities related to the talks.

The PNC has since responded to the PPP's letter. In a letter dated May 31, 1985 to Dr. Jagan, Dr. P.A. Reid named PNC's General Secretary, Cde. Ranji Chandisingh, and Member of the Central Executive Committee, Cde. Elvin McDavid, as comprising the PNC's Preparatory Committee. He also indicated that PNC General Council Member, Cde. Halim Majeed will be available "to discuss the time and place of meetings of the Preparatory Committee with anyone you may designate."

The PNC's Deputy Leader also referred to the "pressing matters" raised by the PPP, and suggested that "without prejudging the relevance, admissibility or exclusivity of the issues sought to be raised, we feel it would be more advantageous to both sides to leave to the Preparatory Committee any questions as to the specific matters which might properly be the subject of the inter-party talks."

With regard to "the several allegations made in the penultimate paragraph" of Dr. Jagan's letter, Dr. Reid said that "we do not believe you expected, and do not ourselves consider it appropriate, to offer a response at this stage and would confine ourselves to saying that our position on these matters is well-known and, if necessary, can be further ventilated in the course of the talks."

The PPP has since informed the PNC that "the names of our two members for the Preparatory Committee are Feroze Mohamed and Clement Rohee, both Secretaries of the PPP and Members of the Central and Executive Committees."

#### WPA Statement

Georgetown OPEN WORD in English 17 Jun 85 p 4

[Text] WPA released the following statement last weekend:

"The Working People's Alliance was not one of the organisations which the PPP may have consulted before agreeing to talks with the ruling PNC.

"Soon after the PNC published its January 1985 decision to invite the PPP for 'constructive dialogue', the PPP in a public statement said it would consult its membership and Guyanese organisations before coming to a decision.

"The PPP, in a letter to the PNC dated February 11, 1985, said only that it would consult its membership after which it would reply to the PNC invitation. The change was not missed in the PNC's reply of March 16, 1985.

"While not questioning the PPP's competence to take its own decisions, and while not seeking to be consulted, the WPA wishes to place on record that it was not one of the organisations that may have been consulted by the PPP on this all-important question."

CSO: 3298/841

GUYANA

## PPP DEMANDS PNC RETRACTION OF 'LIE' ABOUT JAGAN TRIP

### NEW NATION Report

Georgetown NEW NATION in English 9 Jun 85 p 1

[Text] PPP General Secretary, Dr. Cheddi Jagan, left Guyana on Friday last for Trinidad.

Among those it was reported that he would be meeting, were the leadership of certain right-wing parties.

Another member of the PPP leadership is out of the country at the moment. He is Cde. Clement Rohee, Member of the PPP Central Committee, who departed Guyana for Cuba on Wednesday last to attend a Conference.

Cde. Rohee is one of the members of the PPP's Preparatory Committee for talks with the PNC.

### PPP Reaction

Georgetown MIRROR in English 16 Jun 85 p 1

[Text] The People's Progressive Party has categorically denied what it terms a 'deliberate and malicious lie' published in the SUNDAY CHRONICLE of May 9 and the PNC's official organ the NEW NATION. Both PNC-controlled papers stated that PPP leader Cheddi Jagan had gone to Trinidad 'where he would be meeting the leadership of certain right-wing parties.'

The PPP stated that Dr. Jagan was invited by the Bank and General Workers' Union of Trinidad to attend its Biennial Conference held in Port of Spain from June 8 to 9. Dr. Jagan gave the key-note address on the Caribbean Working Class--Its Present Aspirations. He received the invitation some time ago, had a prepared address and left the day before the opening of the Conference.

The People's Progressive Party said that the type of slander was similar to that used against Bishop Randolph George when he went to the USA on a religious assignment earlier in the year. Instead of asking his church what he went to the USA for, the CHRONICLE concocted a story suggesting that he



had gone there for some kind of subversive intention. In a similar manner, PPP headquarters would have readily provided the NEW NATION and the SUNDAY CHRONICLE with the correct information, if they had asked. But, said the PPP, they were not interested in the truth, but in trying to throw dirt at the Party Leader.

The PPP said that a leading member of the Party spoke to the CHRONICLE Editor and was told that the story, which he could not confirm, came from 'one of the ministries'. On the other hand, when the same leading PPP member spoke to a member of the PNC hierarchy, asking for a correction, the PNC representative said that a reporter had given them the false information about Dr. Jagan. This notwithstanding, the papers had not withdrawn the lie, and this was so on Friday last (press time)--five full days after the public and dirty slander against a person noted for his honesty.

CSO: 3298/841

GUYANA

# JAGAN IN TRINIDAD AIRS VIEWS ON REVOLUTION IN CARIBBEAN

Georgetown MIRROR in English 16 Jun 85 p 1

[Text] Guyanese Opposition leader Dr. Cheddi Jagan has warned Trinidadians last Sunday that centrist/rightist forces are filling the vacuum that has been created by the growing unpopularity of the ruling People's National Movement (PNM).

He observed that division of the left is largely responsible for the continuation in office of the PNM for almost 30 years, and urged closing of ranks of the democratic, progressive and anti-imperialist forces on the island.

Dr. Jagan's remarks, which flowed in the vein of his now famous "Straight Talk", were made when he delivered the Opening Address at the Biennial Conference of the Bank and General Workers' Union of Trinidad and Tobago. The theme of his address was "The Caribbean Working Class--Its Present Aspirations".

The PPP General Secretary referred to the present political situation in Trinidad in advancing his thesis that the Caribbean people's aspirations for a better life, full employment and a rich culture cannot be attained under a system of dependent/distorted capitalism.

He said that the past decade has been very traumatic for the Caribbean economy which has come under more subtle forms of domination resulting in grave hardships for working people.

United States imperialism, Dr. Jagan added, is the main vehicle of this neo-colonial domination which bleeds Caribbean countries of some \$20 billion dollars a year. "This drain, coupled with a status of dependency, led to underdevelopment, stagnation and serious problems."

How to get out from the web of dependency? The leading Caribbean revolutionary intellectual answered: "The way forward is not reformism, but revolution."

He conceded, though, that the Caribbean revolution is being held back by a number of factors including political leadership, deviations and opportunism,

rightist media and trade union control, low level of Marxist-Leninist consciousness.

Dr. Jagan referred to Jamaica, Barbados, Trinidad and Guyana to show the genesis of the ruling or dominant groups--generally petty-bourgeois nationalists with a Christian-democratic and social-democratic ideological orientation.

The PPP leader, whom the late Maurice Bishop described as the "Dean of Caribbean Socialists" sees the urgent task of Caribbean revolutionaries to project the democratic anti-imperialist alternative with a scientific socialist perspective.

He admitted that revolution in countries like Guyana calls for 'extreme care and flexibility' by communists and other revolutionaries because of the complex political situation.

'They have to work out an alliance policy with political forces either in government or out of government on the basis of unity and struggle. They must take anti-imperialist actions in common with the dominant ruling group(s), while at the same time, in co-operation with other democratic and progressive forces, vigorously oppose the regime's anti-labour and anti-people's actions,' Dr. Jagan explained.

He underlined the need for broad unity of forces opposed to imperialism, for the struggle for jobs, food and justice to be linked with the struggle for peace and liberation. 'In this way, success in the Caribbean revolution will be assured,' he concluded.

CSO: 3298/842

GUYANA

CUBAN VISITOR ON UNION ROLE FOR MARXIST-LENINIST PARTY

Georgetown GUYANA CHRONICLE in English 17 Jun 85 p 3

[Article by George Barclay]

[Text] Progressive trade unions in a socialist society must of necessity have as their political guide, a party that is Marxist-Leninist in orientation.

Cde. Alberto Suarez Diaz, Head of the Latin American and Caribbean Department of the Cuban Institute for Friendship with Peoples, said so Friday when lecturing to participants at a Guyana Labour Union seminar on "The significance of the Cuban Revolution and its relevance to trade unions in Guyana."

The seminar was held in the Knowledge Sharing Institute's Boardroom, Robb Street.

The Cuban professor traced the history of Cuba from the time it was a colony under Spain to the popular revolution in 1959 which opened a new era for the Cuban people.

Following that revolution, the wealth of the country went to the people, health and education became free, prostitution and drug traffic disappeared from that mainland, he said.

Regardless of their race, ethnic position or religious background the workers were made leaders in the factories and the industries as the society was transformed.

This new society, he said, enabled the people of Cuba to move ahead of the other peoples of Latin America and the Caribbean.

The resulting effect was that the Cuban people who were subjected to blockade, aggression and sabotage from North American imperialists, can now be of assistance internationally to people of Africa and other continents where the imperialists are trying to destroy the revolutionary processes, he added.

Cde. Diaz spoke in Spanish but was assisted in his communication by Cde. Walter Henry.

He pointed out that the trade unions and the Communist Party of Cuba share the same Marxist-Leninist ideology. Cde. Diaz said that the people of Cuba were able to maintain their gains because there was political awareness among them.

Workers and peasants, he said, had come together in the struggle for national liberation. The triumph of the Cuban Revolution is a triumph of the Cuban workers, he said.

Cde. Diaz disclosed that the sister organisation to his movement is the Guyana Committee for Solidarity and Peace (GCSP) who is hosting him.

Acting General Secretary of the G.L.U., Cde. Carvil Duncan, was among other speakers at the seminar.

CSO: 3298/842

GUYANA

# PNC'S 'LATEST MOVE TO UNDERMINE TUC' REPORTED BY WPA ORGAN

Georgetown OPEN WORD in English 10 Jun 85 p 4

[Text] A Party Industrial Relations Committee has now been set up by the PNC in its latest move to undermine the Trades Union Congress. This committee was set up after a conference of the 17-union leaders being directed by the PNC. Attendance of unionists was far less than expected.

The meeting was addressed by PNC General Secretary and Vice President of the Government, Mr Ranji Chandisingh, Mr Rasheed, Mr Denny, Mr Sallahuddin and was chaired by Ms Agnes Bend Kirton.

Reports add that the new committee is to be coordinated by Mr Robert Williams (of managerial rank) and includes Messrs Sallahuddin and Rasheed. The committee is intended to bypass the TUC. Unions have been urged to direct grievances to the new body through Mr Robert Williams.

The TUC General Secretary Mr Pollydore referred to the habit of setting up parallel organisations in his speech at the May Day rally.

A delayed report from Mackenzie says that a leading PNC figure, on comparing the small crowd at the PNC rally with the large crowd at the TUC rally declared on May Day: "There will be no more marches here".

The same speaker publicly warned, "the Dolphins, the Lewises and the Richardsons" that they would be settled by next year.

CSO: 3298/842

GUYANA

WPA RALLY ABORTED; GOVERNMENT, TENNASSEE ASSAILED

Georgetown MIRROR in English 16 Jun 85 p 4

[Text] Government authorities have aborted plans of the Working People's Alliance to observe at Bourda Mall the 5th anniversary of the assassination of Walter Rodney. The WPA was told that it could not use the Mall on Thursday last because police had already granted the use of the place to a tiny rightist political outfit headed by Tennessee.

The WPA's application was sent in on June 7, and the police turned it down on June 11 in favour of Tennessee. The following day, June 12, Tennessee informed the WPA that he was no longer going to use the Mall. But by then it was obviously too late for the WPA to make a second application for the use of the Mall on June 13, as the law requires 48 hours notice of such application.

Tennessee, now on a visit to Guyana from his new base in Curacao, in his race for Bourda--re-named Walter Rodney Mall--might have been carried away by his own enthusiasm in his search for a hero-figure and martyr in Guyana with whom to identify.

The WPA said they told Tennessee nothing. He had a right to apply to hold a meeting anywhere on June 13. 'But no organisation with a sense of honour and decency would try to upset a Martyr's Day observance which is the main event in another party's calendar,' WPA added.

June 13 last was five years since the brilliant revolutionary intellectual and historian Dr. Walter Rodney was killed in a bomb-blast in Georgetown. He was given the bomb concealed in walkie-talkie equipment by agent-killer Gregory Smith, the Guyana Defence Force electronics expert who mysteriously disappeared from the country after the bomb was detonated by remote control in Walter's lap.

Rodney was a fierce opponent of the PNC, and it is widely believed that his was a political assassination. The PNC government does not seem eager to absolve itself of blame as it has not found merit in holding an inquest into the killing.

CSO: 3298/842

GUYANA

PNC EXECUTIVE URGES UNITY TO DEFEAT 'DESTABILIZERS'

Georgetown NEW NATION in English 16 Jun 85 p 4

[Article by Robert Williams]

[Text] Member of the Central Executive Committee of the People's National Congress and Executive Chairman of Guyana Fisheries Ltd. (G.F.L.) Cde Robert Williams, on Sunday called on Guyanese to unite their efforts and to work resolutely in pursuit of socialism in Guyana.

Addressing the Fourth Annual District Conference of the West Demerara-Canals Polder Cde Williams noted that "the invisible hands" of the destabilisers are hovering both within and without Guyana and it is imperative that Guyanese be vigilant at all times to ensure that the gains of the masses are protected.

Cde Williams pointed out that as a young developing nation, "we have achieved a lot, but this is not the end of the road to progress." He added that the global economic crisis has had serious effects on the Guyanese economy, and he urged participants to pursue the agricultural drive with determination in an effort to realise self-reliance.

Under the theme "We can, We must, We will"--the theme of the upcoming Sixth Biennial Congress--participants were treated to fine cultural performances from members of the Goed Fortuin Culture Group and the Vreed-en-Hoop Culture group.

CSO: 3298/842



GUYANA

PPP ORGAN LISTS 12 COOPERATIVE SOCIETIES 'IN TROUBLE'

Georgetown MIRROR in English 9 Jun 85 p 4

[Text] Twelve more co-operative societies are in difficulty, and are under intervention by the Chief Co-operatives Development Officer M. G. Edghill. The 12 are gazetted under the same formula of words, and in each case the Regional Co-operative Development Officer Nehoralall is directed to investigate them.

The names of the 12 co-op societies have been gazetted as:

- Blairmont Livestock Rearers Co-op Society Ltd No. 838
- Nos. 3, 4 and 5 Co-op Cattle Ranch Society Ltd No. 1293
- Wiruni Livestock Producers Co-op Society No. 1398
- Bath Settlement Livestock Rearers Co-op Society No. 842
- Kabawer Livestock Rearers Co-op Society Ltd No. 834
- Zee Zight Livestock Rearers Co-op Society Ltd No. 1148
- Biaboo Livestock Producers Co-op Society Ltd No. 1674
- Patwalla Livestock Producers Co-op Society Ltd No. 1660
- Seafield Livestock Rearers Co-op Society Ltd No. 1213
- Hopetown/Lichfield United Co-op Livestock Rearers Society Ltd No. 950
- Eastern Providence Livestock Rearers Co-op Society Ltd No. 1040
- Biaboo Livestock Rearers Co-op Society Ltd No. 1058

It is noted that all the above-mentioned co-ops are in livestock, mostly cattle. The problems they are facing have been left untended for many years. As a direct result of the neglect to which this sector has been subjected, the cattle industry is in the doldrums. Meat prices are already sky-high, while milk prices are similarly high, with a shortage.

The area in which the societies operate is also the stamping ground of armed rustlers who seem to have no fear of the law and steal cattle by the hundreds each year.

The government has been asked over and over by the PPP in Parliament to show more interest in the co-operative sector, rather than to wait until co-ops are in trouble and then to launch an "inquiry". Co-ops should be helped to stay vibrant and solvent. For 1985, the central government in its budget of \$1557.6 million, has only earmarked \$0.5 million to the co-operative sector. A small portion of that sum will go towards actual co-operative development.

In ordering the inquiry, Mr. Edghill says:

"The inquiry shall be held at such time and place as the person herein authorised shall direct, and the officers shall furnish such information with regard to the affairs of the society, and produce the cash in hand and such books, accounts, papers and securities of the society as the person herein authorised may require."

It has also been observed that if the co-operative sector is properly supervised, irregularities would be nipped in the bud. Cattle farmers who are hard hit by thieves are saying that if the rustlers are not stopped, they would be ruined. Since the rustlers themselves do not rear cattle, the ruination of the farmers would be bad for the industry.

CSO: 3298/842

GUYANA

# GOVERNMENT SHEDS NO TEARS OVER USAID WITHDRAWAL

Georgetown SUNDAY CHRONICLE in English 16 Jun 85 p 12

[Comment: "No Tears for USAID"]

[Text] The "Pressurisers" are at it again. Now, they have formally informed the Government of Guyana that with effect from June 30 they will be closing the offices of the United States Agency for International Development (USAID) in Georgetown.

The decision has taken no one by surprise for the grapevine had churned out the information several months ago. And, having already played most of its trump cards as it continues its campaign of open hostility against Guyana--including already discontinuing all its aid programmes to Guyana--the closing of the office in Georgetown seemed a logical next step for the U.S. Administration to take.

It is also well known that in addition to the U.S. Administration already freezing all aid to Guyana it has long now embarked upon a programme of blocking and attempting to block loans intended to finance crucial aspects of Guyana's development.

We remember only too well the U.S. Administration blocking loans being processed by the Inter-American Development Bank (IDB) intended to fund projects in Guyana's agriculture sector--in each case a manifestation of the U.S. Government's programme of economic aggression and economic destabilisation against Guyana.

In 1981, for example, on purely specious and political--not technical--grounds, the USA used its massive voting strength to block a \$20 M U.S. loan Guyana was seeking under the IDB's FSO arrangement.

In 1983 the U.S. Administration cancelled a \$15 million (U.S.) Rice Modernisation loan for Guyana and announced its plans to make the funds available to Ecuador, Peru and Bolivia. It also blocked for strictly political reasons, and in violation of the IDB's charter, a \$156 M (G) loan intended to help finance aspects of the big water control project within the M.M.A. area. We also know that recently the U.S. Administration played a major role in Guyana being declared ineligible to draw on the resources of the International Monetary Fund (IMF).

All these hostile actions have been directed against Guyana with one unfounded thesis in mind: With the exertion of enough pressure against Guyana, the political administration there would succumb and jump to the whims and fancies of the Shylocks in Washington and elsewhere.

But there are some people who, it seems, never learn, for, as a nation, we have grown accustomed to the sometimes callous exertion of pressure for specious reasons--by outside forces, mainly the U.S. Administration--hoping to make us crawl on our knees and go pleading to them, begging-bowl in hand.

But we are too proud a people for that and we have learnt the true value of independence and non-alignment, conscious that our destiny is ours to mould by dint of the exercise of our mental faculties and by hard work and exemplary service.

There are those who contend that for our size and wealth, we wield too much influence in the international community and who would wish to see us harnessed and manipulated, responding to their whims and fancies.

There are others--including some Guyanese amongst us--who argue that the pressures being brought to bear against us are the product of our not being willing to dance to the music being played by the U.S. Administration and who rather naively advocate that we should bow to the wishes of the super-power.

To them all, we say this: A main plank of Guyana's foreign policy is to strive to maintain friendly relations with the USA and other countries. But as a nation, we shall continue to pursue an independent path of socialist construction in our domestic policies and an independent and non-aligned path in our external policies. We shall be dictated to by no one.

We are convinced that these more recent examples of "Ugly Americanism" are manifestations of economic aggression designed to thwart our pursuit of self-sufficiency and self-reliance in our bid to consolidate our hard won independence. These examples are also manifestations of attempts at coercing us into abandoning our socialist direction.

We shall not, therefore, cry, weep or wail over the closing of the USAID's office in Georgetown. But we are tempted to say "good riddance" ye symbol of imperialist control and intrigue--with a host of strings attached.

We shall resolve, however, that with each passing day and that with each unit of pressure exerted against us, we shall become more united, more resourceful, more resilient, and more determined to safeguard our independence and our revolution.

These attributes have sustained us in the past; they sustain us at present and they shall see us prosper in the future--USAID or no USAID.

CSO: 3298/843

GUYANA

## MIRROR ALLOWED TO TAKE SOVIET GIFT OF NEWSPRINT

Port-of-Spain EXPRESS in English 2 Jul 85 p 32

[Text] The MIRROR newspaper, organ of the opposition People's Progressive Party (PPP) in Guyana, led by Cheddi Jagan, has been allowed to receive a gift of newsprint from the USSR, enough to last six months, according to Narbada Persaud, manager of the New Guyana Company that prints the MIRROR.

In the past, both the MIRROR and the CATHOLIC STANDARD, a weekly paper edited by Fr Andrew Morrison (which has reportedly been under pressure from the Burnham government), were refused permission to receive such gifts. The gift was received about two months ago at the time when the ruling party and the PPP were about to enter into "constructive dialogue." It is understood that the NEW NATION, party organ of the ruling People's National Congress (PNC), also received a shipment of newsprint from the Soviet Union at the same time as the MIRROR.

Courtney Gibson, manager/editor-in-chief of Guyana National Newspapers Ltd (GNNL)--which produces the government-owned CHRONICLE newspaper from which the STANDARD gets its paper--told the CATHOLIC STANDARD that to the best of his knowledge this shipment was also a gift.

The CATHOLIC STANDARD, on the other hand, must not only continue to buy newsprint ends from the GNNL on a weekly basis, but it has just received notice that the price of these ends is to be raised from July 1 by 53.3 per cent, from \$3.75 (G) per pound to \$5.75 (G) per pound.

In spite of this increase, Gibson, in his letter to the STANDARD, claims that the new price is "concessional."

The government has, moreover, failed to supply the STANDARD with the 300 pounds required each week and the paper has had to limit its circulation.

The average quantity received this year was 159 pounds per week. Only on one occasion, January 24, were the 300 pounds supplied. The usual reason given for the short supply was that ends were not available and instructions had been given that new rolls were not to be cut.

The chairman of the Catholic Standard Ltd, John Barcellos, has written to the Minister of Information, Ms Yvonne Harewood-Benn, protesting the steep rise in price of newsprint and once again urging her to allow the paper to receive gifts from abroad.

The five leading newspapers in the Caribbean had offered gifts of newsprint to both the MIRROR and the STANDARD, and the latter had received many other offers from church groups and other friends and well-wishers abroad. On each occasion the offer could not be taken up, for the reason given that Cabinet had decided that such gifts should not be allowed.

Contacted by the STANDARD, Mrs Janet Jagan, editor of the MIRROR, said she had no knowledge of the gifts as that was a business matter, and referred the questioner to the MIRROR's manager Narbada Persaud.

CSO: 3298/843

GUYANA

# PPP ORGAN NOTES FREEZE ON DEVELOPMENT BANK FUNDS

Georgetown MIRROR in English 16 Jun 85 p 1

[Text] MIRROR understands that the Caribbean Development Bank has frozen funds to Guyana, owing to Guyana's precarious financial position. At a meeting of the Board of Governors recently in Barbados, Guyana's case was presented by a top official from Guyana. Although the official worked very hard to convince the August financiers in the CDB they rejected his case.

A report to this effect appeared in the CARIBBEAN CONTACT of June 1985 and was front-paged with the headline saying: "CDB Funds To Guyana Halted". That newspaper noted:

"The debt crisis was one such problem which commanded a great deal of attention, particularly from the Spanish-speaking delegates to the meeting, as well as from Guyana. Guyana came into the conference still unsettled by the announcement from the International Monetary Fund that it is no longer eligible for loans because of long standing debts to the Fund.

"The CDB had already excluded Guyana from access to its funds to years ago, and Georgetown's Finance Minister Carl Greenidge came to the meeting here armed with proposals to reschedule Guyana's debts, thus giving it renewed access to CDB's finances.

"But led by Jamaica, the governors rejected the Guyanese proposals, and referred them to the Directors of the Bank for further consideration. The next regular meeting of the Directors takes place in Barbados in July, but there is no certainty that the proposals will be considered then.

"Greenidge did not hide his displeasure at the attitude of CDB technocrats to Guyana's problems.

"We in Guyana would expect to see the Bank's staff take up the challenge in a manner that would enable a far higher quality of analysis of a member country's problems than is reflected for example in the papers on Guyana's debt situation," Greenidge said."

The debt crisis in the world has reached fearsome proportions, and has taken on political dimensions. It cannot be resolved unless firm political

measures are adopted by Third World states. These progressive measures would not be in accordance with western creditor expectations.

Already there are moves afoot at the UN to get Third World debts written off, a move which the western powers object to. Both the World Bank and the IMF are meanwhile urging re-scheduling. Some virtually bankrupt Third World governments have unilaterally suspended debt payments.

Latin American countries owe over 40 percent of the total Third World debt of \$900 billion up to December 1984. Cuban President Fidel Castro is urging a write-off of all debts.

CSO: 3298/843



GUYANA

# DRILLING SURVEY INDICATES PETROLEUM POTENTIAL ALONG COAST

Georgetown GUYANA CHRONICLE in English 14 Jun 85 pp 1, 4

[Article by Colin King]

[Text] The British firm, Exploration Consultants Limited (ECL), located "several drillable prospects" during a petroleum survey for the Guyana Government, Energy and Mines Minister Harun Rashid said Wednesday.

ECL Project Manager, and Geologist, Steve Lawrence handed over the survey report to Minister Rashid Wednesday at the Pegasus Hotel at a ceremony attended by local officials and representatives of the World Bank and British High Commission.

Cde. Rashid said the next step is "active promotion" to:

--whip up interest in the findings of the ECL, and

--conclude arrangements with interested parties for exploration and exploitation of the country's hydrocarbon resources.

The Guyana Government, last April, contracted ECL to compile all petroleum exploration data from the records of Government agencies as well as from companies which have engaged in onshore and offshore petroleum exploration in Guyana.

The British-based firm was also required to prepare maps and devise a filing system for petroleum exploration data. The programme was funded by a World Bank loan.

Permanent Secretary in the Energy and Mines Ministry, Anthony Crawford, noted at Wednesday's presentation ceremony that onshore and offshore petroleum exploration has been conducted in Guyana by numerous companies between 1938 and 1982. Results of seismic studies, as well as maps and other data, have however been scattered among various companies and other agencies.

According to ECL Project Manager, Lawrence, the findings of the survey reveal that the Guyana Basin, the area of the Continental Shelf on the country's Atlantic Coast, has "a high level of interest" for oil companies.

The Energy and Mines Minister observed that completion and compilation of the report by ECL "marks the beginning of a new era" in Government's efforts to develop the country's petroleum production potential.

He noted the history of petroleum exploration in Guyana and admitted "we have had many false starts in the past," and that "a major discovery has always appeared beyond our reach."

The latest project however, indicates "exciting and beneficial developments are likely to take place within the petroleum sector."

Cde. Rashid also looked forward to the continued support of those agencies involved in the just-concluded survey.

After Wednesday's formal presentation of the survey report technicians of the ECL began a technical presentation on the exploration survey to a gathering including technicians and other representatives from Government Departments.

The presentation, supplemented with graphic aids, included a history of exploration in Guyana, reviews of exploration data, and rock studies of the area covered by the survey.

CSO: 3298/843

GUYANA

BRIEFS

POPULATION FIGURES--Latest census figures for Guyana reveal that the population has increased only slightly during the ten year period from 1970 to 1980. The 1980 census figures show Guyana with a population of 758,000 people, as compared to the 1970 figures 614,000. It is believed that the excessive emigration over the recent 4-1/2 year period from 1981 to mid-1985 will be significant as far as population figures go. Over this week end members of Caribbean National Assemblies are discussing how population growth affects development in their countries. The conference, under the auspices of the CARICOM Secretariat and the Inter-American Parliamentary group opened in Barbados on Friday. Among papers to be presented are those dealing with population and employment and focusing on adolescent fertility, migration effects and the role of parliamentarians in population and development. From the Guyana National Assembly there were two representatives from the ruling party and Reepu Daman Persaud Chief whip of the People's Progressive Party. [Excerpt] [Georgetown MIRROR in English 16 Jun 85 p 1]

GOLD, DIAMOND OUTPUT--The country's gold mines last month declared 936 ounces of raw gold to the Guyana Geology and Mines Commission, bringing declared gold production for the year to 4,412 ounces. The approximate value of the gold declared during the month was \$1.07 million. This boosted to \$5.07 million the approximate value of gold declared by miners in the first five months of this year, a Geology and Mines Commission statement shows. Royalty collected in gold declared during May amounted to some \$89,114. A total of \$414,516 was therefore collected for the first five months of the year. In the diamond sector, the Commission reported that 11,192 stones were declared, with an approximate value of \$158,700. Royalty of \$10,577 was paid on the diamonds. Total declared diamond production for the first five months of the year as a result came to 37,580 stones, valued \$631,050 and yielding royalty of \$42,197. [Text] [Georgetown GUYANA CHRONICLE in English 15 Jun 85 p 1]

CSO: 3298/843

JAMAICA

BRIEFS

BAUXITE OUTPUT--Jamaican bauxite production fell 41.5 percent in the first 6 months of the year. Production for the first half of 1985 totalled 3.1 million tons compared to 5.3 million in the first semester of 1984. The Jamaica Bauxite Institute attributed the drop to the closing of the Reynolds bauxite mines last year and the completion of bauxite shipments under contract between the government of Jamaica and the U.S. General Services Administration. During the same period, production of alumina dropped 14 percent. It added that the closure of Alcoa in February of this year accounted almost exclusively for this decline. The institute projected total bauxite output for the year at 6 million tons, with bauxite exports totaling 2.45 million tons and alumina exports 1.5 million. [Text] [Bonaire Trans World Radio in English 1130 GMT 18 Jul 85 FL]

CSO: 3298/905

PERU

PUM LEADER PLANS ACTIVE OPPOSITION TO APRA ADMINISTRATION

Lima CARETAS in Spanish 1 Jul 85 pp 24-25

[Interview with Javier Diez Canseco, senator-elect and leader of United Left (IU)]; date and place not specified]

[Text] On the eve of a trip to Nicaragua and Cuba, where he will have a medical checkup, the head of the PUM [Mariateguista Unified Party], sets forth his group's policy towards the next administration, to which it plans to give no quarter. He also reviews the mistakes that, in his opinion, caused the defeat of the IU at the recent elections. "We can't fool ourselves with the numbers," he says; "the IU played to win and lost."

[Question] What will IU's policy towards the incoming administration be? Will it be critically supportive, as has been said?

[Answer] I think that it would be passive for IU to support the good elements and criticize the bad. IU must come out with an agenda and a national emergency program. In our opinion, this country has voted for change and against the status quo.

[Question] But it voted for APRA [American Revolutionary Popular Alliance] and not IU. In any event, you can be the alternative for 1990.

[Answer] We will be the alternative in 1990, but as the opposition, inasmuch as the only way to be one is by offering a platform that is different and, we feel, better suited to the country's situation. It is impossible to be an alternative without being an opposition. How this process develops will determine whether the people move more to the Left. This will unquestionably require overcoming passivity, because this gives the impression that the door is open for APRA to carry out the transfer in total calm, with maximum leeway under current circumstances. The IU must regain the initiative.

[Question] Do you think that the transfer has to be hampered?

[Answer] It is not a question of hampering or facilitating it. The point is that the social movement ought to have an agenda ready for the new administration on 28 July. The pressure of expectations is very great. The social movement should not approach the government as a constituency, passively waiting for what crumbs might be thrown its way, but rather with an agenda of what it wants.

[Question] Is the IU behind the Cite campaign?

[Answer] It is to the extent that it is part of the leadership, but IU is not alone. Nor is it alone in the accord among various grassroots organizations to call a preparatory meeting this 19 July for a national people's assembly in September or October. The preparatory meeting will discuss a proposed emergency plan for the country, with the main points that the organized social movement has raised.

[Question] Who is organizing the meeting?

[Answer] The CGTP [General Confederation of Peruvian Workers], the Unitary National Command of Struggle, the country's main farm confederations and a number of other well-known figures and organizations. The proposed emergency plan will give us something to argue for as power is transferred. I think that this is the most just and proper approach: to put our cards on the table, in the sense of what the country's political and social forces are actively demanding and will not wait passively for.

[Question] It is said that your presence in the Senate will turn it upside down.

[Answer] The Senate should not be regarded as a council of elderly men. People like Valle Riestra could lend it a different atmosphere, should he maintain the approach that he has taken in the Chamber of Deputies. I think that the Senate will become more politicized.

APRA has an absolute majority, but the chances of altering that absolute majority are better than in the lower house.

[Question] Do you think that majority can be divided?

[Answer] APRA's majority in the Senate is narrower. One of its members might well go his own way.

[Question] Are you thinking about Valle Riestra or Torres Vallejo?

[Answer] I am not thinking about anyone in particular. But there is a possibility, albeit a slight one, that the correlation of forces might be altered.

[Question] Will the IU change its approach in Congress?

[Answer] I feel that there have to be several changes. First, because IU was not in the previous Congress as such. The political groups that were in determined the spokesmen. Now there have to be IU spokesmen, which does not mean that there might not be minor differences within the united front, because it is, after all, a front.

I think that IU has to have a more systematic presence in this area. Secondly, I feel that like all political groups, IU is going to employ coordinators to centralize its legislative activity in each of the chambers. They will be selected in accordance with the political responsibility and influence of the forces within the IU itself, and the posts will rotate periodically.

[Question] Might these coordinators be the independents who support Barrantes?

[Answer] It is gratuitous, inaccurate speculation that positions of responsibility ought to be assigned to nonpartisan individuals. The outcome of the election itself has shown the influence of the respective forces, aside from the fact that the party leaders themselves represent not only their parties but also a hefty segment of the nonpartisan PUM activists. The PUM candidates received close to 340,000 preferential votes of IU's 1 million or so. Since we cannot assume that we have 340,000 members in the country, our representation as a party is unquestionably smaller, but our candidates represent more than the party's activists. I feel that positions of responsibility in IU belong to IU leaders, whether or not they are partisan. We are going to avoid the seriously misguided policy of thinking that only nonpartisan independents can bring together and coordinate the front.

[Question] Barrantes is an independent in IU...

[Answer] That is Barrantes's current status, but it is not necessarily the reason he is president of IU. His other talents and abilities are factors, not just his being an independent.

All of the forces in IU channeled their votes towards him. Now, we would have gotten more votes if several campaign mistakes involving the substance, form and proposals of the coalition had been corrected.

[Question] What were those mistakes?

[Answer] IU failed to put enough ideological distance between itself and the Aprista candidate. Moreover, on the whole the IU campaign should have distanced itself more from the candidate of the ruling party itself. There were those even in IU who tossed around the idea of garnering the AP [Popular Action] vote, not by confronting the government but by winning over its voters. It was a serious mistake to try and garner the votes of a completely worn out and repudiated government during the second round of

balloting. The IU should have clearly distanced itself from a party that has brought the country this economic, political and moral crisis.

[Question] Continue with the self-criticism, please.

[Answer] The main mistake in IU's campaign did not have much to do with the short period in which we actually campaigned. We have to remember that in May 1984 Alan Garcia asked for a leave from the Chamber of Deputies and did not show up again. Alfonso Barrantes asked for leave from the city government and began his campaign in mid-February 1985, in other words, almost a year after the official start of Garcia's nationwide campaign. Aside from this fact, I think that IU had a problem prior to the campaign proper, which was that it did not pursue its strategy consistently.

[Question] What is its strategy?

[Answer] The core of the IU's strength should have been grassroots organization and promoting the oft-proclaimed but never implemented agreement to hold a nationwide grassroots meeting to bring together the mass organizations over which the Left has influence or exerts leadership. The ultimate goal should have been to create a broad social front, not just a political party coalition, to oppose the AP-PPC [Popular Christian Party] alliance in government.

By failing to focus its efforts here and by concentrating on its opposition role in Congress, where we were a tiny minority opposing a more powerful APRA, which also had administration patronage, IU unquestionably put itself at a great disadvantage.

[Question] Don't you also think that the performance of the city government played a role?

[Answer] I do not doubt that. But I also think that the municipal government was boycotted by the administration and opposed by APRA, availing themselves of every tool they might have.

It has had its own shortcomings too. I think that the Lima city government could have headed up a call for the national meeting of grassroots organizations. It could have opened up broader avenues for the democratization of city government. It could have been a cornerstone of more effective opposition to the administration and created opportunities for local residents to get involved. It was preposterous to try and make the Lima city hall a vehicle for solving the city's problems under the financial and administrative conditions in which it was handed over.

[Question] In any event, Barrantes has had more money than Orrego. One percent of the IGV, for example...



[Answer] City governments were not given the IGV until 1985. The council began in 1984 with a 10 billion soles deficit, not to mention the inflation that was on the way.

By the time the government loosened the purse strings and gave us a chance, we were already in the thick of the election campaign. What good does it do to begin public works in February or March, when the campaign is practically over?

[Question] Will Barrantes be removed because of IU's failure at the polls?

[Answer] The problem of IU's configuration and of its leadership is up for debate at present. We obviously have to assess the election results critically and self-critically. We are not going to play with the numbers and say that IU has not suffered defeat because it got 600,000 more votes.

IU was not trying to up its vote total; it was trying to win the election by portraying itself as the option for change. This is the contest it lost to APRA.

IU cannot be run just as an election coalition. It must be a strategic front, which implies setting it up as a mass organization and, at the same time, as a single-front organization in which political forces play a fundamental role in accordance with their presence and capacities. Alfonso Barrantes unquestionably has a very significant role in this effort.

[Question] Will he continue to head IU?

[Answer] There are going to be changes in IU's steering committee and other leadership bodies. Political forces that are totally unlike in influence cannot continue to have the same representation. A political force that accounts for 25 percent of IU's vote cannot have the same presence as a political force that accounts for 3 or 4 percent of IU's vote.

[Question] Will you head IU?

[Answer] I am not going to become president of IU, and I don't think that this is a subject of debate right now. We think that what IU needs and has to strengthen is a collective leadership.

We think that it needs a more executive structure than the National Steering Committee, that it should bring together the most representative and significant forces with a greater presence for certain ones.

[Question] What forces are those?

[Answer] Of particular importance are our comrades in UNIR, the PCP [Peruvian Communist Party] and us, the Unified Mariateguista Party, along with what Comrade Barrantes represents. We feel that these are the major forces that should seek their proper place within the IU and its leadership, without crowding out the other political forces that make it up.

[Question] What would Barrantes's role be?

[Answer] Our assessment under current circumstances is that Alfonso Barrantes should remain as president of IU. We have never supported the idea of a one-man leadership, nor do we feel that the office of president represents that, inasmuch as he presides over a group.

8743

CSO: 3348/791

PERU

# INSTITUTE PRESIDENT ANALYZES PROBLEM OF INFORMAL ECONOMY

Lima EQUIS X in Spanish 1 Jul 85 pp 29-32

[Interview with Hernando de Soto Polar, president of the Freedom and Democracy Institute, by Elias Moreno; date and place not given]

[Text] The problem of street peddlers, which the United Left city government has so far failed to resolve, has been in the news again recently, especially since the issuance of Municipal Ordinance No 02.

The Freedom and Democracy Institute [ILD], which is headed by Hernando de Soto Polar, has criticized the ordinance and expressed a willingness to publicly explain why. The city government, however, in the person of Deputy Mayor Henry Pease, has declined to debate, citing several pretexts.

In the following interview, Hernando de Soto brings up the issue again, explains his criticisms and discusses the prospects for the informal economy under the next administration.

## Why the Criticism of Ordinance No 02

[Question] Dr De Soto, are there political motivations for your criticisms of the Lima City Council's Municipal Ordinance 02?

[Answer] Not in the partisan sense of the word. Any sort of criticism in a matter that has economic and social repercussions naturally has a political side to it, but in the most generous sense of the word...

[Question] So it is not an ideological problem?

[Answer] Ideological? No, not at all. In fact we will continue to conduct this sort of analysis, which we regard as in the public interest. We have begun with the problem of street peddlers and we are going to continue on a biweekly basis looking into a series of both local and central government regulations that we feel should be debated publicly. We

are particularly interested in the cost-benefit angle, because you know that our goal is to prove to the Peruvian people that the cause of both the informal economy and of underdevelopment is the way we are governed by the local and central administration. In this regard, it is very important to analyze regulations in terms of their costs and benefits to the Peruvian people. So then, what we have done in the case of the street peddlers is just an initial experiment, and we are going to do likewise with the central government; this does not have any ideological side to it at all.

[Question] Dr Pease criticizes the ILD's assertions because it does not publish the studies on which it bases them. What is your response?

[Answer] Well, as for the figures on which we base our stand on Ordinance 02, they are contained in the same advertisement that was published in the papers. We might have made the advertisement two, three or four times longer, but unfortunately the institute cannot afford much longer advertisements. Dr Pease (or the city government itself, because we have nothing personal against Mr Pease) could respond by citing his own figures to show that ours are wrong. But the fact that he is asking us to document our own numbers indicates that he does not have them; we are certain that we are the only ones who have figures on this issue.

[Question] But there is research behind the figures...

[Answer] Yes, of course. In some cases there are several months of study and in others several years of study behind the figures, and there are surveys too. The point is that the studies are relatively long-range. So we plan to publish them within 2 or 3 months, in the fields of commerce, industry, housing and transportation.

[Question] What is the ILD's basic criticism of Ordinance 02?

[Answer] Our basic criticism of the ordinance is that it does not help solve the problems of the both the street peddlers and the people who are harmed by or benefit from them. In other words, an ordinance is supposed to help resolve or alleviate a problem, and this is not true in this case. We have seen the problem resolved as the peddlers gradually move into stores or set up in markets...

[Question] They formalize their status...

[Answer] That's right. We know that there is a shortage of markets in Lima, so much so that if the street peddlers did not exist, much of the city would be without supplies. So then, the answer to both the problem of food distribution in the city and the street peddlers is to organize them in markets. Over the past 22 months we have seen the street peddlers build 240 markets on their own even though their savings are very meager. According to our analysis, what the ordinance does is to take 90 percent of their savings away, thus closing off the only avenue they had to get

off the streets and become part of a formal, more stable market with fixed stalls. This is our main concern. Another is that the regulations are not well thought-out. That is to say, they are regulations for regulations sake, with no thought as to the economic consequences. The government often thinks only about the costs it is going to incur, without seeing the costs that it originates for the majority of us Peruvians who are private consumers. The ordinance pays no attention to the expenses of the street peddlers or of the consumers of their goods and is going to boost their costs. So, our main criticism of the ordinance is that it generates excessive costs for Peruvian society and does not resolve the problem.

#### Relocation of Street Peddlers

[Question] Do you think that the city government promoted relocations in a bid to resolve the problem?

[Answer] The problem of street peddlers is obviously not going to be resolved with a single measure, but if we do not want them to be in certain parts of the city, then relocation is one answer. Another solution is to provide loans. Still another major one is to cut down on the red tape, which could take 4 to 6 years, for joining a market. We estimate that if a program the institute has in this regard were implemented today, none of the street peddlers in Lima today would be there in 1991. There would be new street peddlers, true enough, as their numbers are increasing at an average of 4 percent a year; but the ones who are there today no longer would be, so there would be less than 20,000. So, relocations are important, but they are just one of the many steps that could be taken. Now then, it all depends on how the relocating is done. You know that location is very important to both street peddlers and formal merchants. So, they cannot be relocated just anywhere. I think that in the long run relocations such as "Polvos Azules" show that the government is very limited. Some 1,300 peddlers joined "Polvos Azules," whereas the markets that the peddlers built themselves, in spite of their meager savings, which I think are about \$130 a year, house more than 21,000. So the important thing is to know where to relocate, and the peddlers obviously know better than the government where they ought to relocate to.

[Question] Are you saying that the solution to street peddling should come from the peddlers themselves?

[Answer] That's right. The street peddlers are definitely meeting a need, or else they would not be there. They earn more than the minimum wage, so the reason they are in the streets is not unemployment but the fact that there is a need for them. Over the past 20 years we have seen the government arrange some relocations just in time in fairgrounds that are obviously not the best set-up in terms of planning and facilities. The peddlers themselves have obviously come up with the best solutions so far; they are private enterprise, they have created prosperity, and they have the potential to get ahead. Moreover, they know their own problems much better than the government does; what the government can do is make sure

[Question] Street peddling is obviously one of the biggest problems for the Lima city government. It is one of the critical areas. Why do you think that it does not resolve it?

[Answer] Well, I do not think that the street peddler problem is the biggest one for the mayor of Lima. It might be housing, but that is another matter. As for why it does not resolve the problem, I think it is because it does not have the background information. We have now seen that when a series of political organizations that have made ideological pronouncements come up against real-life problems, they realize that they lack the background information. And I am talking about all of them, not just the party in power in Lima. This is why we have suggested to both the local and central government that they adopt a democratic system of making laws, that they consult with the people, because all of the answers that the institute has been able to come up with have emanated from the people themselves. There is enough know-how in Peru to move the country forward. The problem is government control, as the people who come to power consult only with those who run the government, and it is obvious that not all of the required know-how is there. The strength of democracy is not just being able to change leaders; it lies in getting feedback from the people. So I think that what has happened to Mayor Barrantes is what has happened to all the parties and is going to happen to everyone who thinks that the government can solve most of Peru's problems.

[Question] You're saying that the problem is not being resolved because of the lack of background information. But might it not also be because of political interests? Ignore it so as not to inconvenience people and maybe lose votes?

[Answer] Well, I would assume that if what they wanted was to gain support and votes, which is what every party logically wants, they would put out a good law. But they have put out a law that is clearly unpopular with the street peddlers. We have conducted polls among them, and a great majority realize that the ordinance hurts them. Therefore, I do not think that the purpose was to win votes, but rather to provide some sort of solution. The problem is that it is a poor solution. Now then, we were expecting another sort of reaction to our criticism, which is constructive.

#### The Unsuccessful Attempt to Debate Pease

[Question] And why do you think that Dr Pease declined to debate you?

[Answer] I'm going to tell you something first. When Mr Hildebrandt called me and proposed a debate, he told me that Dr Pease's press secretary had suggested it; so it was not our idea. But once the challenge was put before us, we considered it a good opportunity to shed light on problems. Now then, he subsequently backed down because he surely realized that he does not have all the information, which the ILD does. I think that we are quite a bit better informed about these

problems than city hall is. Now then, I am not interested in keeping the debate issue alive. But since we have been attacked, I just want to make it clear that the ILD is not afraid of debates. Instead, I would ask Mr Pease to call on us to help him with the problem...

[Question] Well, he already did that in EQUIS X. He said that the ordinance could be amended and that city hall would like input from all parties involved.

[Answer] We will be there as soon as he calls on us. If I remember correctly, he was asked in the interview whether he might even call on the ILD; he said yes, even us, but only after launching a series of personal attacks. We have not yet heard from him. We have obviously given our input, without being called, in our advertisement, and the response has been personal insults. So we hope that it is a more formal request, in which case we would be delighted to accept.

[Question] In another vein, what prospects do you see for the informal economy in light of the upcoming change of government?

[Answer] I don't know. I am not familiar with the Aprista Party's policies on the informal economy. From what I have read in the speeches of our future president, Dr Alan Garcia, it is one of the problems that worry him the most and about which he feels most strongly. So I have no doubt that he is going to try and do something. We would very much like to convince him that it is better to decentralize and privatize than to act through government, because if it cannot run the country well, it is obviously not going to enable the informal economy to operate well either. The solution is less government...

[Question] Are you confident that your suggestion will strike a responsive chord among Aprista leaders?

[Answer] We have received several calls from Aprista leaders asking us for help and information. We are willing to provide it. On the other hand, though, we know that other people in the party do not look kindly on us, think that we "believe in private enterprise and the market economy" and say that this is not what APRA [American Revolutionary Popular Alliance] wants. So, for the time being I see two attitudes in APRA, and I would not be able to tell you what the Aprista ideology is in this regard. I would hope that they are pragmatic, because we are willing to be very pragmatic, and I think that we have pragmatic solutions to offer.

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CSO: 3348/791

PERU

NATION HAS ESTIMATED 84,000 STREET VENDORS

Lima CARETAS in Spanish 1 Jul 85 p 48

[Text] How Many Are There?

How many street vendors are there in Lima? Some 200,000 or 300,000, as the municipal government thinks. Or 900,000, as CONAPLAN [National Council for Economic Planning and Coordination] says, according to EL COMERCIO? If that were the case, there would be one street peddler for every six inhabitants, and we would be seeing them in every nook and cranny.

There are about 84,000 of them, according to a census conducted by the Freedom and Democracy Institute in January in 29 districts (excluding seaside areas, Cieneguillas and other districts far from downtown). The 1976 census conducted by the city government and the National Statistics Institute put the number at 58,389 in the same area.

<u>Source</u>	<u>Lima District</u>	<u>Other Districts</u>	<u>Total</u>
1976 City Census	13,565	44,824	58,389
1985 ILD Census	16,580	67,555	84,135
Estimate of district councils	not available	55,248	

The ILD went to each district government to ascertain how many street peddlers it thought were there. The total is less than the figure arrived at in the ILD census. There was no information for the Lima district.

Some 42,000 street peddlers currently pay a street-use tax in 21 districts. The daily rate is between 150 and 2,000 soles. Total revenues are estimated at 23 million soles a day; in other words, half of the street peddlers pay more than 8 billion soles a year in taxes to the municipalities.

In addition, in February the ILD conducted a sample survey of street peddler income in nine representative districts. The average street peddler made 407,000 soles a month (18 percent of his sales), which is above the legal minimum wage. It thus seems that the widespread belief that unemployment is the cause of street peddling is a myth.



To what is their success due? There is a simple reason to buy from the street peddlers: their prices are lower. People say that they cheat on weight. The ILD went shopping in six districts and found, using a single scale, that there was a three percent loss with the street vendors and a five percent loss at the markets. Not much difference. They all try to maintain a good reputation.

8743

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SURINAME

INCREASING SURINAMESE EMIGRATION TO NETHERLANDS

Rotterdam HET VRIJE VOLK in Dutch 19 Jun 85 p 5

[Article by Nico Polak: "New Exodus from Suriname"]

[Text] Amsterdam.--"There are millions of Surinamese guilders floating over the Dutch market." That is how a representative of Grenswisselkantoren N.V. excused himself yesterday afternoon for the fact that his company, in setting the exchange rate, is offering only 60 Dutch cents [100 cents=1 guilder] for the Surinamese guilder, which officially is worth 1.95 guilders.

Anyone who wants to exchange Surinamese guilders at that rate will have to wait until he is in Suriname. Anyone on the other hand who wants to buy Surinamese guilders can acquire them in any quantity for 85 Dutch cents. As recently as a few weeks ago the price of the Surinamese guilder was 100 Dutch cents on the open market in the Netherlands.

The cause of this dramatic fall in the exchange rate is the fact that in recent weeks hundreds of Surinamese businesspeople have emigrated to the Netherlands via Air France's Cayenne [French Guiana]-Paris line, taking the rest of their capital with them. In the open money markets in Amsterdam, Rotterdam, and The Hague there is a glut of Surinamese currency, bought up by racketeers.

"Rip deals" [English in original]--robberies--are the order of the day, according to representatives of the Surinamese community. Only a small portion of these come to the attention of the police, since the victims are here illegally for the most part and thus cannot afford to report the crimes. The Amsterdam Police do not know how to cope with the problem and wish to turn it over to the Criminal Detective Investigation Service (C.R.I.) in The Hague. This will come up for discussion in The Hague in the near future.

Air France reports that about one quarter of its passengers on the Cayenne-Paris route--two flights a week with Boeing 747's--are Surinamese. They can take Surinamese currency with them in any quantity. For this new Surinamese exodus to the Netherlands the French airline has introduced some special services. Surinamese passengers from Cayenne can, for the small sum of 300

Dutch guilders, fly on from Paris to Schiphol. A special taxi service brings them from Saint Laurent on the border with Suriname to Cayenne for 80 guilders per person.

"We are hoping to put an end to the rip-off prices that are sometimes charged there," says an Air France spokesman.

"We know of course that an important reason why Surinamese passengers fly with Air France is the fact that they avoid the Surinamese airport Zanderij and thus are not checked by Surinamese customs as to how much money they have with them." Rumors that Air France wants to increase its flights to Cayenne to three could not be confirmed by the spokesman.

### Pistol

The lively criminal trade in Surinamese currency first came to light in October of last year on Loosduinseweg in The Hague, where an unofficial "money exchange" was attacked by three armed and masked men who took tens of thousands of Surinamese guilders, Dutch guilders, and U.S. dollars. The victims were Surinamese.

On 28 May of this year another incident occurred in the Staatsliedenbuurt in Amsterdam, where the 22-year old Surinamese J.B. was robbed of 37,000 Surinamese guilders. He had offered to sell them to the 28-year old Surinamese E.R.K., who had lured him to this address.

A third incident took place on 12 June on Otteliusstraat in Amsterdam-West, where the 27-year old Surinamese K.J. was robbed of the sum of 40,000 Surinamese guilders. He had met the money-changers in a café and taken them back home with him, where they drew a pistol and disappeared with the money.

### 10-cent Pieces

It is generally assumed in the Surinamese community that the Surinamese guilders are shipped back to Paramaribo, where they are invested in real estate, which as a result of the departure of the businesspeople is up for sale on a large scale and thus is cheap. The speculators are hoping that Bouterse will fall and Dutch-Surinamese relations will be restored, after which the price of real estate would undoubtedly rise.

Insiders assume that hundreds of Surinamese refugees enter this country illegally every week. They stay with members of their family. The total number is estimated at between 10,000 and 20,000.

Spokesmen associated with the Surinamese Liberation Council in the Netherlands add to this that naturally the people currently in power in Suriname are fully aware of this entire development.

However, they very consciously do nothing to hinder the capital flight out of Suriname via Saint Laurent.

"This just puts pressure on the Surinamese currency, and it is thus not worth one cent." Thus they say that "those six 10-cent pieces that Grenswis-selkantoren pays for a Surinamese guilder are six 10-cent pieces too many. That Dutch money, paid for in effect with nothing more than printed paper, naturally goes back to Suriname again and is deposited in foreign banks. When things gets too hot for the people in power in Suriname, they will always be able to enjoy the money in countries where Mengele, the German war criminal, was also able to hold out for decades."

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VENEZUELA

BRIEFS

NEW FEDECAMARAS PRESIDENT--Venezuela's Federation of Chambers of Commerce and Industry [FEDECAMARAS] elected Rafael Marcial Garmendia as its new president during the group's annual meeting. [Summary] [Hamburg DPA in Spanish]  
1828 GMT 30 Jun 85 PA

CSO: 3348/841

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